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# THE CREDIT WORLD

*The Official Organ of the  
RETAIL CREDIT MEN'S  
NATIONAL ASSOCIATION*  
Incorporated



ALL Retailers should strive to promote a community credit policy which means all should unite on credit terms and insist upon them being observed by the store owner as well as the customer.

Such action not alone promotes prompt payments but increases business along safe lines. It creates credit morale, which not alone helps the merchant, but reflects upon the entire progress of the community by stabilizing finance, making your city a better place to live. Unity of purpose has never met defeat. Why not unify for civil progress, as well as personal business promotion?

D. J. W.

VOLUME XV  
NUMBER 6

FEBRUARY  
1927



THE ONLY MAGAZINE IN THE WORLD

SPECIALIZING IN RETAIL CREDITS

# Better Letters—Better Collections!

## *Do Your Letters Start Like This?*

We beg to call your attention to your past due account.

We presume that you are familiar with the delinquent condition of your account.

Please be advised that according to our records your account is in arrears.

We have written you several times about the enclosed account and have not been favored with a reply.

Every one of these examples was taken from collection letters actually in use.

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Make your letters human! Make first sentences "jump out" to catch the reader's interest immediately and make the body of your letter hold his attention until it stirs him into the desired action—"Check now"!

Throw away the worn-out, frozen, "begging" phrases and make your collection letters living, pulsing "you-and-me," flesh-and-blood missives that get the money and at the same time build good-will for your house!

That's the "Better Letters" way. Read the complete description of this new service in the column at the right and see what it offers you for your money—in increased collecting power and increased earning power.

#### *Use This Coupon*

Retail Credit Men's National Assn.,  
Equitable Bldg., St. Louis, Mo.

Enter my subscription for your Better Letters Service for one year. It is understood you will include with the first mailing the three special installment letters mentioned above—without extra charge.

I enclose \$20.00 in payment of my subscription.

Name.....

Position and Firm.....

Address.....

### *The "Better Letters" Service*

The Better Letters Service is a new service—furnished us by a correspondence expert—consisting of:

#### *1. New Follow-Up Letters.*

Six new follow-up letters every three months (24 letters a year). These letters, written from a new viewpoint, are to be used to follow up the ordinary slow account. No trick stuff, no hackneyed outworn commercial phrases—but letters written from the "outside viewpoint," in an easy manner, and in language the customer understands.

We send six letters (varying in tone) at the same time so you can have an assortment to fit different needs.

#### *2. Inactive Accounts Letters.*

Inactive accounts on your books represent latent buying power—one-time customers who can be made to buy again.

Each month you will receive one new letter for use on inactive accounts and also one "new business-getting" letter to go after desirable new accounts.

#### *3. Monthly Better Letters Bulletin.*

A four-page monthly bulletin devoted to Better Credit and Collection Letters, filled with practical, usable suggestions that will help you to write better letters.

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**Price \$20.00 a Year  
Less than six cents a day**

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**RETAIL CREDIT MEN'S NATL. ASSN.**  
**Equitable Bldg. - Saint Louis**



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Official Organ of the  
RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, Editor    Subscription: \$5.00 Per Year  
Executive Offices, Equitable Building, St. Louis, Mo.

Entered as Second Class Matter, November 4, 1916, at Post Office at St. Louis, Mo., Under Act of March 3, 1879

## Blowing Our Own Horn

None of us like an egotist or braggart, but as a large number of our members, particularly those in the smaller communities, are not in touch with our various activities, it is well to occasionally refer to our progress and accomplishments so each may know what his Association is doing.

Since our annual meeting in August we have enrolled 1534 new members, organized 18 local associations and added 97 new reporting bureaus to our Service Division.

Four Regional Conferences of credit managers with an average attendance of three hundred, have been held and three more are scheduled, all under the supervision of the National office. An educational feature of great value to all credit granting merchants.

Our counsel to retail merchants regarding installment selling has stabilized and made safe that feature of retailing.

Our publicity campaigns regarding the prompt payment of accounts have increased collection turnover in all parts of the country.

Our Service Division members, through an interchange system, have access to over fifty million records of individual credit customers. The service department keeps a field secretary constantly on the road developing new bureau units and assisting those already operating.

We have employed an assistant secretary at the National office, who will devote a large part of his time to research and statistical work for the benefit of members.

We have assisted in legislative matters relating to the retailer and given our support to the bill for rechartering the Federal Reserve System.

All these activities have helped, either directly or indirectly, every retailer in the country—created a better understanding of credit and uniformity of policy as regards sales and terms—and entitled us to the enthusiastic support of every member in enrolling new members so as to continue our work and add new features.

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# Welding the Weakest Link

Address by E. B. HELLER, Pres. R. C. M. N. A., Before Missouri State Hardware Convention

**W**ELDING the Weakest Link," as it applies to retail credit granting, is a question that is not entirely confined to the hardware merchant, but is a question in which every retail merchant is deeply concerned.

That you men use the word "welding" is not at all surprising, as the word is closely associated with your business, while we of the other branches of trade would say "strengthening the weakest link" in retail credit granting.

This subject applies to every branch of the retail trade where credit is extended, and I ask, "What is the weakest link in retail credit granting?"

In my opinion, it is one of two things; and possibly it may resolve itself into but one, or the two things to which I refer may be one and the same.

First, I would say the weakest link is where the merchant, bookkeeper or credit manager does not extend credit in an intelligent manner. Now, understand that I do not charge these men and women with not being intelligent; but I do say they do not use their intelligence in extending credit. Or, it may be possible that there exists a lack of co-operation and organization on the part of the credit grantor to intelligently grant credit. So, I believe I am safe in saying "the weakest link in credit granting is the lack of organization and co-operation."

This is a question in which we all are vitally interested. A question we do not give full credit for the benefits received, nor do we study the far-reaching effects.

Let us establish an understanding definition of organization. "Organization" is the fundamental basis upon which is erected the structure of success. It promotes ambition, creates higher ideals, and inspires us to strive for bigger and greater objectives. It is undeniable, that through organization we secure those things which would be utterly impossible through individual efforts.

This applies to your association, as well as to kindred associations, and goes farther and applies to your respective business establishments.

Your business and your association will not function properly without organization and co-operation. The policies of your respective establishments will not become effective or operative without organization and co-operation.

Therefore, I say organization is the foundation of success. The success of our National, State and Municipal Governments, of this and kindred associations.

Now what makes organization a success? Not simply coming together and talking, for you can meet and talk until doomsday without success. There must exist a spirit of co-operation upon the part of the organizers to put their thoughts and ideas into concrete form and action. So, while organization is the foundation, co-operation is the keystone which holds together the temple or organization, and in dealing with credits and collections, is the very life blood of safe and sane business.

Webster's definition of "organize" applies most fittingly to the credit grantor. He says "organizing" is arranging a task in suitable parts so they may be performed efficiently. Is this not intimate with your credit department—extending credit efficiently, collecting your outstandings efficiently?

Then Elbert Hubbard added the last word on co-operation when he wrote these lines: "The valuable man in any business is the man who can and will co-operate with other men. Men succeed only as they utilize the services and ideas of other men."

I have given considerable thought and study to the power and the value of organization, until it has become a hobby with me.

We all have hobbies, and the man or woman without a hobby is like the man or woman who has never made a mistake; they never get very far. Playing up to our hobbies and making an occasional mistake, proves we are at least trying to accomplish something.

You men and women, by your presence here today, prove that you are interested in my hobby—that through organization you are endeavoring to improve mercantile conditions in your

cities; that you desire to render a better service to the purchasing public. But you want to serve them in a safe and sane manner, and this can only be accomplished through organization and co-operation.

I don't believe there is a man or woman present, but who will admit the day has past and gone when a merchant can profitably extend credit without the co-operation of his fellow merchant. He not only needs the co-operation of the merchants in his own city, but he needs the co-operation of the merchants of the entire country.

You may think that this is a broad statement, or that I am covering a wide territory. But did you ever stop to think that the undesirable—the dead-beat, if you please—who resides in an adjoining state or a neighboring city this month, may be a resident of your city next month. Did it ever occur to you that the "hot check" passer and the bogus buyer who are working a neighboring city this week, may be working your city next week? These things happen every day, and the only protection you can hope to have against this element of risk is through the organization and co-operation of the merchants of the entire country.

As a further proof of the need of a country-wide organization of the retail credit granting merchants; let me repeat a statement of the R. L. Polk Company, publishers of city directories. They say "30% of the population of every city moves at least once a year."

If this is true (and I believe it is), what part of the 30% of your cities who move, will leave your city, leaving unpaid bills behind? And what part of the 30% of the other cities who move will leave those cities and enter your gates?

What protection have you against those who enter your gates, and what chance have you of ever locating and collecting from those who leave your city, if not through a centralized agency, a National organization of retail credit grantors?

If the thought exists that your credit problems are purely local,

disabuse your minds at once. You are interested in our problems and we in yours. You will agree that there is a unity of purpose in extending credit. Whether that purpose is to extend a convenience to the purchasing public or for the purpose of increasing volume of business, it matters not.

But there must exist "unity of protection." As I said, there must be a centralized agency through which the credit grantor can secure reliable information as to the paying habit of the applicant, and this information must be obtainable while the applicant is still the applicant, and not after he becomes your debtor.

Today credit is extended in an entirely different manner than in former years. In the old days, credit was only granted to men of big affairs—property owners, merchants and professional men. Then, the bookkeeper or merchant was personally acquainted with nine out of ten who applied for a charge account.

Now, the wage and salary earner have become a major factor in seeking credit, and the credit manager does not personally know one in ten, or one in a hundred. This new condition has made organization and co-operation imperative.

The changes in your particular line have been just as rapid as those in credit granting.

Years ago, you were called "iron mongers," and then you graduated into hardware merchants. Now, when the housewife or the husband wishes to make a purchase in your line, they first visit the department store. Not finding what they seek, they then try a drug store or a United Cigar Store. By this time they no doubt will find a regular hardware store.

The changes in credit granting has, as I said, been rapid. Years ago hardware merchants, druggists and many others used a slate as their only ledger. Then credits and debits was simply a matter of expectoration. It has been only a step to the present-day modern equipment.

Today is the day of volume; all merchants are keyed to that point. Each one is seeking a new avenue through which they can increase the volume of business. Advertising, unless done on a larger and somewhat sensational scale, has lost its punch. The purchasing public have been

"saled" to death, and that old-timer, called the bargain seeker, has almost entirely disappeared, because he has learned that all of the "glittering bargains offered were not golden opportunities to buy."

So the merchants have liberalized credits, they have made credit the cheapest commodity on the market. I believe in credit; I believe it is a business builder when intelligently extended; I believe it is the vehicle upon which merchants can ride to bigger business. But I warn you to look at your brakes, watch that weak link, and be sure you have surrounded yourself with the proper protection to enable you to grant credit intelligently. You must have organization, you must have co-operation.

You may ask, "Where can I get this organization; where will I get this co-operation?"

If your city has not a Rating Bureau affiliated with the Retail Credit Men's National Association, see to it that you have one at once. Such an organization removes the "guess" in credit granting.

Suppose a man from a distant city enters the store of a merchant of a town that is not organized, and asks for a line of credit. What will the merchant do? Guess? Yes, he will have to. If he turns it down he may be turning down good business. If he takes it on, he may be granting credit to an undesirable.

If the merchant is a member of our organization, he can secure a report on the paying habits of the applicant almost while the merchandise is being selected. In other words, in the time it takes for a telegram to go back and forth.

When a merchant opens a new account, if he hasn't the experience of his fellow merchant as a guide as to the paying habit of the customer, he can only use his own judgment, which is nothing more than a guess, and often a bad one.

If the applicant possesses character, he will pay. If he does not possess character, he will not voluntarily pay you, and will impose upon your fellow merchant unless prevented.

I ask you, is it fair, is it good business to permit this class to enjoy all comforts of a home, dress well, enjoy musical instruments and have all of the modern electrical appliances at your expense?

When the spirit of co-operation exists, when organization prevails, the undesirable will learn he must pay promptly or he must pay cash.

I know it is said "the world owes every man a living." But why collect it from the retail merchant?

Some of you may ask, "Why speak of this to us, we are organized?" Yes, you may be organized, but are you fully and completely organized? Have you the facilities in your city for securing reports on applicants for credit? Are you a subscriber to the service? Do you use the service? And *do you co-operate with your fellow merchant?* You are not organized, and you will not be, until this condition I have mentioned exists.

To the merchant who thinks his town too small to support such an organization, I ask him to inspect the credit conditions in a city that is unorganized and tell me if he did not find the same undesirable, the same old dead-beat on the books of nearly every merchant in town.

Go into a city and try to organize them for the purpose of protecting their ledgers, and in nearly every one you not only receive the same answer, but it is prompted by the same feeling.

One merchant will tell you, "I don't need an organization, I am a good judge of human nature." The next one will say, "I always ask for references and check it up myself." The third one will say, "My town is too small," or else his business is too small, and the last one will say, "I am not going to tell my competitor how my good customers pay."

To the first, I want to say that these human nature readers are the poorest of all credit men. The man has not been discovered who can look a man in the eye and tell whether he will or will not pay. This man's ledger is full of P & L accounts that looked good when he took them on.

To the man who always asks for references, let me inquire: How many applicants for credit will tell you of those he did not pay? None; they tell you of those he did pay. If you are organized your rating bureau will tell you of those he did not pay.

To the others, I wish to say, regardless of a merchant's size, regardless of the volume of his business, regardless of his location, if he does any business

(Continued on page 30)

# That Credit Application

By LOUIS SINCLAIR GRIGSBY, Assistant Secretary  
Associated Retail Credit Men of Washington, D. C., Inc.

"JACK, DEAR, I know you are busy, but I just cannot wait until you come home to tell about the positive insult I received today."

"Well, Helen, what is it? Really I am in conference with the head of the house and cannot talk long."

"Honey, you know you said I might buy the Chinese rug for the drawing room and after shopping around a bit, I ran across a beauty at Smith, Smith and Smith. But I will never go in that store again. Why, a young man in the credit office asked me the most personal questions, all about you, our children, and positively insulted me."

"What! you mean that firm had the unmitigated nerve to question you about that old rug? Believe me, dear, you keep out of that store. And wait until I see Henry Smith at the Triumvirate Club. What I will tell him about his store methods will fill a book. I will not stand for such treatment from any store in this town, the length of time we have lived here. Why, it is positively ridiculous."

"All right, dear, I am going over to Jones, Jones and Jones and buy the draperies we looked at yesterday. Good bye, darling."

And so it goes, Smith and Company suffers an irreparable loss due to the lack of tact of an employee in the credit office. Why does the occasional customer become incensed at the mere formality of taking a credit application? Why does she look forward to making a purchase at Jones and Brothers Emporium when merchandise values are the same? Simply because Jones knows the necessity of training his executives to insist that all employees who meet customers of the store exercise the greatest tact and judgment in dealing with them.

The application for a charge account is a most unusual item in the daily business routine of any firm. Unusual, because it must be taken by a minor employee and essential because the information contained thereon is an integral part in the passing of the credit.

Our friend Jack will apply for a loan at a banking institution and gladly



supply all desired information, and oftentimes volunteer details concerning his financial responsibility and general standing in the neighborhood. He will approach business associates with a view to securing their endorsement to the paper, or ask them to become jointly responsible for the settlement of the loan, without a qualm. But when he walks into a store, or his wife endeavors to secure merchandise on credit, and a few formal questions are asked regarding their stability, the gentleman at once assumes a belligerent attitude and states vociferously that he can buy in "such and such" a place without going through all this "blankety blank red tape." Why, he thinks the merchants of his community should go into the market with good cash in hand, purchase articles, place them on the shelves and then be expected to send the material out of their stores on the mere name and address of the person no one knows. But the average person does feel this way about the credit application, and it behooves the retail credit grantor to exercise

particular caution in requesting of the customer sufficient information to enable him to secure a complete report from a recognized reporting organization.

The members of the Associated Retail Credit Men of Washington, D. C., have adopted a standard form for taking an application for credit, a sample of which is reproduced elsewhere. It consists of twenty-two in-

terrogations concerning the status of the applicant and is taken in duplicate, the original retained for the files of the store, the duplicate forwarded to the Credit Bureau for a detailed report. In the general run of business, approximately ten questions are asked, although the full form may be filled out with little difficulty, providing the employee of the credit office analyzes his customer and does not try to force answers at inopportune moments.

This form was adopted after considerable research work and collaboration on the part of several experienced credit men of this city. In examining this blank form in detail, we find, first of all, name in full; and how many employees of credit offices really obtain the name in full? Most of the time J. G. Jones or J. Gordon Jones suffices. However, the importance of securing the first name does not rest on the so-called common names, such as Smith, Brown, Jones, etc., but it is also imperative that Henri Clayton Van Derberg supply his full name, because, perchance, your ledger carries an account for H. C. Van Denberg, and then the fun begins. And by full name, no one means necessarily the given, middle and surname, but insist that each taker of an application for credit in your store secure the given name.

Then the wife's name in full, most of the time rather difficult to obtain, but in the event you are successful in this respect, there appears on your record her given and maiden name, both of which are decidedly important in checking your own records. Simply impress upon the customer, male or female, that in furnishing the name of the help-mate you are identifying the couple so thoroughly that mistakes are held to a minimum.

In seeking information relative to the address, are you satisfied with simply 1600 Pennsylvania Avenue, or do you inquire whether or not the address given is an apartment building and then ask for the name of the building and apartment number? And further, in cities where the sections are geographically divided, do you insist upon knowing whether 1600 Pennsyl-

vania Avenue is in the northeast or southwest section of the city? In obtaining the full details relative to the address, you place in your own record accurate information and at the same time assist your reporting agency to readily identify the subject of your inquiry.

The former address brings out the tactfulness of the store employee. Naturally if the party has been living at the address given for the past ten or twelve years, the former address is useless and only serves to antagonize the applicant. However, if your customer has resided in your city a comparatively short time and has resided at given address only a few months, the former address is essential to your records.

It is generally easy to ascertain length of residence at a given address or even length of time the applicant has lived in your city, but in seeking information relative to the age of your applicant, be very careful. Generally, this question is asked only in the case of young ladies and men who appear to be minors. And even so, it behooves us to be particularly careful in questioning a young lady regarding her age. They very soon learn the age-old reticence of telling the number of days that have passed since birth, and unless you feel that your applicant is indeed a minor, discretion is the better part of valor. This provides an excellent opportunity for the observing application man or woman to handle the customer properly.

Then the occupation, and here we have another stumbling block. The dowager or society matron becomes insulted very easily when you deign to question her regarding her husband's "occupation." The chances are ten to one that, should the gentleman be engaged in a gainful pursuit, she dislikes to mention the same. And should he, perchance, be retired from the commercial world, and have the pleasure of clipping coupons at frequent intervals, it necessarily requires a detailed explanation to satisfy the lady and appease her anger. Then again, the gentleman may be a professional man, and sometimes they deeply resent the inference that they are engaged in a commercial occupation. At this time, we may determine the attitude to assume in questioning the applicant and exert every effort to be diplomatic. Generally, the applicant, at this stage

of the game, has demonstrated his or her type and the questioner governs himself accordingly. However, we must secure from the customer an accurate statement relative to the occupation of the husband or vice versa, not simply, "Proctor-Gamble Company" or "Standard Oil Company," but details concerning his designation or title with the firm, his headquarters and, in the event of a large office building, particularly the suite number.

Under this heading, the occupation of wife follows closely, and in questioning the man relative to the employment of his wife, we must again be very careful. This phase of social existence is very distressing to some men and they refuse to furnish information concerning their wives, sometimes because they feel that their responsibility is all sufficient and other times because they regret the necessity of their wife being engaged in commercial activity, as it is thought to be a reflection upon the man.

As far as questions concerning salary are concerned, this can be ascertained only in a comparatively small number of cases, and quite frequently this proves a stumbling block for the inadroit taker of an application for credit. Generally, the salary is padded by the customer and serves little purpose, except to compare the statement made with the report furnished by the mercantile agency. However, we may revert again to the necessity of studying your applicant and asking such a question only when you know the same will be received calmly.

Ordinarily the ownership of real estate is admitted with great gusto, and oftentimes details are volunteered, as the applicant feels at this time, due to equity in certain rental property, they are entitled to credit accommodations without further questioning.

(Continued on page 27)

KEY	
NO.	DATE
ADOPTED BY THE ASSOCIATED RETAIL CREDIT MEN OF WASHINGTON, D. C.	
FOURTH FLOOR, COMMERCE AND SAVINGS BUILDING	
Application for Credit With	
Name in Full	Age
Wife's Name in Full	Since
Address	
Former Address	
Occupation	How Long There
Occupation of Wife	How Long There
Salary	
Salary of Wife	
Owns Real Estate (describe)	
Nearest Relative	
Address	
Application by	Terms of Purchase
Approximate Limit	Checking Account
Bank With	Savings Account
Location of Bank	
How Are Checks Signed	
References:	
The above information is given for purposes of obtaining credit from the above named merchant, the owners shall be regarded as material representations and are warranted to be true in every particular.	
Signature	
Witness	MAKE IN DUPLICATE AND RETAIN ONE COPY
Form 5	

# The Secretary's Page

## THOUGHTFULNESS

Mr. C. E. Waggoner, Secretary of the Retail Credit Men's Association of Wichita, Kansas, was thoughtful enough to mail a Christmas greeting card to our member in London, England. This reply shows it was appreciated and helps to cement that fraternal feeling which we encourage among our membership.

## RIPON, CALIFORNIA, HOLDS ANNUAL MEET

The San Joaquin Credit Association held its annual meeting at Ripon, California, on January 21st. Credit managers from the entire San Joaquin County were present. Jack Oakley of Sacramento was the principal speaker. The credit bureau at Ripon has made a wonderful success and created a

community credit policy which has helped all the merchants. Mr. Clyde H. Pitney, manager of the bureau, is responsible for this progress and his work was praised by all the speakers.

## LOUISIANA GOVERNOR HONORS NATIONAL MEMBER

Governor Simpson of Louisiana has appointed Mr. Gabe Hausmann, the jeweler, of New Orleans, Louisiana, as Chairman of the State Boxing Commission. Mr. Hausmann is well known throughout the country as an ardent supporter of clean sports and an active member of the R. C. M. N. A.

## BENNETT NOW WITH COPPINS

Mr. C. A. Bennett has succeeded Mr. Charles Huet as Credit Manager of the John R. Coppin Company, of Covington, Kentucky. Mr. Bennett was formerly connected with the Union News Company and for several years Collection Manager of the Morris Plan Bank at Cincinnati, Ohio.

**"Put Your Trust in Providence"**  
August 9th to 12th  
See page 14

## AN EFFECTIVE REMINDER FOR INSTALLMENT ACCOUNTS

Below we reproduce a form originated by J. H. Schueller, Credit Manager of Davidson's, Jeweler, Detroit, Michigan. Note this is mailed in a ten-inch envelope with window, and the name on notice is visible through this window, thus saving time in addressing. The terms are emphasized by repetition on the notice and excellent results have been obtained from its use.

## A NEW BY-LAW COMMITTEE

President Heller announces the appointment of the following By-Law Committee:

Franklin Blackstone, Frank & Seder, Pittsburgh, Pa., *Chairman*.

L. T. McMahon, Wm. Filene's Sons Co., Boston, Mass.

Frank Parker, Merchants Credit Bureau, Detroit, Mich.

Chairman Blackstone will be pleased to receive suggestions from any member.

### REMINDER

A PAYMENT ON YOUR ACCOUNT WAS DUE.  
SINCE OUR ACCOUNTS ARE BUDGETED IN ACCORDANCE WITH  
PAYMENTS DUE, WE RELY UPON AND APPRECIATE YOUR  
PROMPTNESS. IF PAYMENT HAS BEEN MADE PRIOR TO  
RECEIPT OF THIS REMINDER, PLEASE ACCEPT OUR THANKS.

TERMS EACH TWO WEEKS

"PROMPT PAY PROMOTES PROSPERITY"

PLEASE PAY PROMPTLY AS AGREED.

### DAVIDSON'S

13912 WOODWARD AVE  
DETROIT, MICH  
ARLINGTON 1879

WATCHES, DIAMONDS, JEWELRY  
CUT GLASS AND SILVERWARE  
FINE REPAIRING A SPECIALTY

**"CREDIT ECHOES"**

Local association officials interested in the publication of a book or pamphlet as a news and educational feature will do well to get copies of *Credit Echoes*, the official organ of the Associated Retail Credit Men of San Francisco.

It is the best publication of its kind. In fact, it so far outclasses all others there is no comparison. It contains real meat, and is gotten up in a style which holds interest. Wallace C. Stoneman, Credit Manager of the O'Connor-Moffatt Company, San Francisco, is editor.

**JOINT MEETINGS WITH WHOLESALERS**

Many local association officials have followed the recommendation of our Committee on Co-operation and arranged for joint meetings with the wholesale associations in their city.

Wichita, Kansas; Baltimore, Maryland; Pittsburgh, Pennsylvania; St. Louis, Missouri, have this feature as part of their yearly program. The Presidents and Secretaries of other locals are urged to get in touch with the officers of the wholesale association and arrange at least two such meetings each year. At one the wholesalers will be guests of the retailers, at the other the retailers will be their guests. This will promote a real fraternity.

Growth of credit business is making the credit manager's job a profession.

**PELLER MAKES EXCEPTIONAL RECORD**

Charles Peller, Credit Manager of Knight's Ladies Wear Store in Okmulgee, has made a record of which any credit man could be proud.

On credit sales amounting to \$90,000.00 his losses were but \$176.62. Only four accounts, amounting to \$135.15, were over four months past due when an audit was made on December 31, 1926.

These statements are vouched for as correct by the sworn affidavits of the accountants who made the audit.

Mr. Peller attributes his remarkable record to the fact that he secures a credit report on all applicants through the retail merchants of Okmulgee, and if there was any doubt as to the credit

**A GOOD-WILL LETTER**

Here is a letter sent by R. E. Pierce, Credit Manager of the J. O. Jones Company, Greenville, S. Carolina, to all his charge customers, prompted by the thought of creating a more intimate touch with the credit department, and

with no thought whatever of payments or collections, which many persons feel is the only thought in the mind of the Credit Manager.

This letter won many favorable comments.



risk, closed the sale by the use of a "Purchasers and Shoppers Check," a unique system of post-dated checks, which he originated and copyrighted.

Mr. Peller is anxious to explain this system in detail to any member of the association who will write to him in care of Knights', Okmulgee, Oklahoma. It can be applied to any line of business and is a proven sales promoter, good-will developer and collection system.

**VALUABLE INFORMATION**

Through the courtesy of the United States Department of Commerce, we have arranged to have sent to each member of the R. C. M. N. A. a number of very valuable trade information bulletins.

The first group, sent out February 1, will include:

- Retail Store Planning.
- Retail Store Location.
- Measuring a Retail Market.
- Co-Operative Retail Advertising.
- The Education of a Retail Sales Force.

Planning Salesmen's Territories.

These are valuable studies for every retail merchant, and we urge our credit manager to see that they are placed in the hands of the store executive, with the information that they are distributed through the R. C. M. N. A., co-operating with the United States Department of Commerce, as a part of our educational service.

## CONVENTION TO HAVE VISITOR FROM ENGLAND

We reproduce here a letter from G. Harley Denney, General Chairman of the National Federation of Credit

Traders, London, England. Mr. Denney will visit the United States to study our credit methods, and, after

inspecting some of our most important credit bureaus, will attend our National Convention in Providence.

**President :**

Councillor D. BRYCE,  
39 East Street, Horsham.

**Vice-President :**  
Mr. M. W. CLEMENT,  
16 Hanover Square, Leeds.

**Treasurer :**

Councillor W. J. BELL, J.P.,  
4 Wellington Street, Gloucester.

**General Secretary :**  
G. HARLEY DENNEY, F.I.S.A., F.C.I.  
(Incorporated Secretary.)

Affiliated Associations in Towns and Districts as follows:

ABERGAVENNY  
ASHBY-DE-LA-ZOUCH  
AVLESBURY  
BARNESLEY  
BARROW-IN-FURNESS  
BATLEY  
BEDFORD  
BELFAST  
BIRMINGHAM  
BLACKBURN  
BLACKPOOL & FYLDE  
BOLTON  
BOURNEMOUTH  
BRADFORD  
BRIDGEND  
BRIGHTON  
BRISTOL  
BRYNMAWR  
BURNLEY  
BURTON-ON-TRENT  
CARDIFF  
CARLISLE  
CHATHAM  
CORNWALL  
COVENTRY  
DERBY  
DEWSBURY  
DONCASTER  
ESSEX  
EXETER  
GLOUCESTER  
GUILDFORD  
HARRINGTON AND WORKINGTON  
HEREFORD  
HERTFORDSHIRE  
HUDDERSFIELD  
HULL  
KKNT  
KING'S LYNN  
LANCASTER  
LEEDS  
LEICESTER  
LINCOLN  
LLANELLY  
LONDON  
LONDON EAST  
MANCHESTER  
MERSEYSIDE  
MERTHYR & ABERDARE  
NEWCASTLE-ON-TYNE  
NEWTON ABBOT  
NEWPORT (MON.)  
NORTHAMPTON  
NORTH WALES  
NORTH WORCESTERSHIRE  
NORWICH  
NOTTINGHAM  
NUNEATON  
OXFORD  
PEMBROKE DOCK  
PETERBOROUGH  
PLYMOUTH  
PONTYPOOL  
PONTYPRIDD  
PORTSMOUTH  
PRESTON  
READING  
SHEFFIELD  
SOUTHAMPTON  
SOUTHPORT  
STOCKTON-ON-TRENT  
STOKE-ON-TRENT  
SUFFOLK  
SUNDERLAND  
SWADLINCOTE  
SWANSEA  
SWINDON  
TORQUAY  
TREDEGAR  
WALSALL  
WIGAN  
WOLVERHAMPTON  
WROXALL

# THE NATIONAL FEDERATION OF CREDIT TRADERS

REPRESENTING THE INTERESTS OF THE RETAIL CREDIT TRADE THROUGHOUT THE COUNTRY

**Head Office :**

SPENCER HOUSE, 4 SOUTH PLACE,  
LONDON, E.C. 2.

Telephone: CLERKENWELL 9403.

January 3rd.

1927

Mr. D. J. Woodlock,  
Secretary,  
Retail Credit Trade members Association,  
St. Louis,  
Mo.  
U.S.A.

Dear Mr. Woodlock,

I am much indebted to you for your favour of December 24th., and for the information contained therein.

I will write you later in the year with account of my plans, which will, by that time, be completed.

My present intention is to come down and see your office at St. Louis and then join your party to Providence.

With best wishes to you for a very happy and prosperous New Year,

yours sincerely,

Secretary.

# Credit Reporting Has Become the Strong Right Arm of Modern Business

By MAX MEYER

**F**ROM the olden days when nearly every family produced each year enough to supply its needs, to the present day when 90 per cent of the enormous volume of business in this country is transacted on credit, is a step filled with tremendous human interest and wonderful romance of business; a step which opens our eyes to the illimitable possibilities just ahead of us.

Credit is widespread. With two exceptions every large department store in the United States not only sells on credit, but constantly seeks to increase its number of credit customers. During the past few years installment selling has become common in many lines. Decried at first by many, and still quite largely discredited by bankers and manufacturers, the business of selling on deferred payments has grown each year. In 1925 over half of the annual nation-wide retail turn over was automobiles. Furniture and pianos made about one-fourth, washing machines, radio sets, tractors, and hundreds of other commodities went to make up the balance. The grand total for 1925, however, was only 7 percent above 1923 and the percentage of automobile installments was the same in 1925 as in 1923.

Travel clubs, Christmas savings clubs and annual rent paid monthly are all variations of installment accounts. Life insurance companies are increasingly providing for monthly premium payments. Even in our credit service exchange we find the installment account an advantage, particularly with a new subscriber who may need education along credit lines. We frequently make our subscription payable over a period of three months, and the salesman thus has opportunities to meet with the subscriber and to counsel with him as to the best way to handle credits and to secure and to use reports.

Some advantages for installment selling are summed up as follows:

Permits the purchase and use of comforts and conveniences which could

not have been had if cash were required.

Tends towards budgeting family expenses.

Makes savings that are compulsory.

Stabilizes production and makes better profits for the distributor. Disadvantages of installment sales, are the overloading of the consumer, and competition in terms.

The whole situation in regard to deferred payment selling is aptly expressed by the following resolution recently adopted by the midwest conference of retail credit men at Sioux City, Ia.:

"That this convention go on record as favoring installment selling when and only when such selling is supervised by a competent credit manager and the life of the contract be not extended to the point where depreciation equals the value of articles purchased, and only when an adequate carrying charge based on the length of time allowed for payment, is added to the amount of the sale."

Indissolubly connected with the enormous growth of credit transactions are the mercantile agencies — R. G. Dun & Co., and Bradstreets, reporting for the wholesaler, and the credit service exchanges reporting for the retailer, Dun and Bradstreet basing reports on capacity and capital, the service exchanges quite largely on capacity. In the final analysis, however, both rely on character as the principal foundation stone of the credit structure.

The growth of the wholesale agencies has been remarkable, and they now cover intensively all of the United States, together with Canada and many other countries. Their growth, however, has not been more remarkable than the strides now being made by the credit service exchanges of which there are now 800 joined together in one organization. These 800 bureaus have in their files reports on 50,000,000 individuals and by interchange of reports, the records of any one bureau are available to any of the 800 mem-

bers, a blessed help in these times of transient and eternally shifting population. Correspondence between members brings out antecedents and establishes the credit record of the newcomer, saving merchants hundreds of thousands of dollars annually on undesirable credit risks.

## THE OLD DEAD-BEAT LIST

In the beginning of the retail credit reporting, the so-called dead-beat list alone was used until experience proved such a list both inadequate and infamous. The next stage came with the ledger clearance, when practically the whole report dealt with trade experiences as shown by the ledgers of the community. For many reasons the ledger clearance report proved insufficient and it was followed by the standard report which is defined as "certain essential credit information given in a designated orderly sequence, with subject matter grouped under appropriate headings." The standard report contains information regarding identity, history, reputation, resources and credit record showing how long sold, pay habits and amount owing. A report embracing all these things gives the credit grantor the best possible means by which to safeguard his firm's accounts or to safely increase the firm's volume of business. Besides aiding materially in the matter of credit extensions, the credit service exchange, by issuing credit reports and credit guides, influences and encourages people to build a good credit standing by promptly meeting obligations.

In 1914 the Lincoln Retail Credit Men's association was formed. In common, with affiliated associations comprising 16,000 members in the United States, the Lincoln association has for its objects the following purposes:

To elevate the occupation of retail credit granting until it has become a profession.

To increase efficiency by encouraging the exchange of ideas, methods and practices.

(Continued on page 19)

# Reed Talks to Longmont Merchants

Excerpts from Address of National Director C. M. REED to Merchants of Longmont, Colo.

*(Delivered at the annual convention of the Associated Retail Credit Bureaus of Colorado and Wyoming, held in Longmont, Colo., January 17 and 18, 1927.)*

THOSE of you who have had the privilege of attending our day session have, doubtless, begun to wonder what it is all about. You are probably wondering why we chose this beautiful city of Longmont in which to hold our convention, and you are probably wondering why Secretaries have traveled many miles to be here.

The answer is simply this: That all of us are working to the end that the present-day business man may operate his business on a safer and saner basis; that he may be able to extend credit, when credit is desired, and in so doing, he may feel, with a reasonable degree of certainty, that his debtor is going to pay.

The magic word CREDIT, means to us nothing more or less than confidence. Without this element of confidence entering into transactions where credit is involved, we are, as a rule, going to encounter the "X" of business. In other words, the unknown quantity.

For instance, after you have had your credit organization investigate a risk, and the credit organization reports favorably, you immediately have confidence in that account, and may proceed to enter into transactions with your customer with the maximum degree of safety. If, on the other hand, the credit association gives you information which indicates lack of confidence, as suggested by the failure on the part of your applicant to properly pay others; if he is shown to be a "floater;" if he has been sued in other communities or in your own; if he has a police record of some sort, then confidence is not there, and the proper thing for you to do, as a general rule, is to turn him down. Confidence is the foundation upon which all credit rests. Every great business rests on credit. The value of every security, note, or other obligation that you individually hold, depends on credit. The fortune of every individual or nation, and whether the future shall be happiness or misery, depends on credit. Let the credit structure be

once shattered, and the prosperity and happiness enjoyed in the United States today will be a thing of the past, and with it will go the greater part of what we now call wealth and fortune.

Now as to the intent and purpose of a Credit Association, first, I want to paint a little picture, and I am going to ask you to take a little trip with me around the United States, part of Canada and a part of England. As we take this little trip, we are going to observe carefully and see what we may be able to learn by reason of this trip.

The Service Division of the National Association has approximately 800 affiliated branches throughout the United States and Canada, and one in London. Why, this organization is made up of organizations such as we have in Longmont, in Denver, in Boulder, etc. We are covering practically every organized center of the United States where there is sufficient volume of business to justify an organization. The influence of this great organization, during the past few years, has made itself felt throughout the nation. It has resulted in the saving of millions of dollars to merchants.

If a man comes to Longmont from San Francisco, your Longmont organization is in position to immediately check San Francisco, and obtain that man's full antecedents. It matters not where a debtor previously lived—if he comes to your city seeking credit, your local organization can quickly and thoroughly check him.

In Denver we have many calls every week in connection with cases where there is no local information, the parties having just come to Denver from distant cities. Our merchants make it a rule to grant no credit to a newcomer until the Association shall have had an opportunity to check an applicant in his home-town, and you would be surprised to learn of the number of irresponsible, unscrupulous, worthless individuals who come to Denver from distant cities and seek to establish credit relations with our merchants and banks.

In Longmont today, you have one of the most efficient organizations that

I know of. We have watched Longmont develop; we have seen it grow from a little 2x4 organization to an organization of dignity and force. Your organization is looked up to throughout the United States, and is regarded by our National organization as being a model. Your Mr. Weld is so well thought of by the Colorado-Wyoming Secretaries that he was selected a number of months ago as General Counselor for all our Colorado-Wyoming organizations, and that is quite an honor, and Mr. Weld has filled the position with dignity and wisdom. I want to say, in Mr. Weld you have a Secretary who is up and coming, and a man of whom you may justly be proud; and I want to say also, that in your Mr. Hershey you have a man who understands his business, and who is doing much good in this community. He is the "watch-dog," so to speak, of your ledgers; he is the guard over your receivables; he exerts every force to keep from your books the unprofitable and dangerous receivables, and he encourages the other sort. He is doing all within his power to salvage your slow and past-due accounts, and to convert them into cash.

Now there must be a reason why Longmont has an Association of this sort. First, if it were not for the support that you merchants of Longmont are giving this Association, the Association, of course, could not function. In Denver, we have merchants who have been members of the organization for 25 years or more, and wouldn't be without it. We have members there who pay us from \$100 to \$600 a month for service, and they never "bat an eye." In Denver, whenever one of our members is desirous of a report covering a Longmont case, we immediately get in touch with the Longmont office; we immediately buy that information from your Association, paying the customary price. You cannot keep your people from buying in Denver, or elsewhere if they choose, and the thing for you to do is co-operate with outside merchants. If they have a customer in your territory, it is no more than right for your organization to tell the

outside firm whether or not the customer is worthy of credit. Try to sell home people. Whenever Longmont wants a report in a Denver case, we go to the limit to help you. We warn you, if the case is unfavorable, and if the case is favorable we give you fullest details, in order that it may be safe for you to take on the order.

I do not know what you pay your Longmont manager as a salary; I do not know what you gentlemen pay for service, but I want to say this, that if you gentlemen are not paying your manager as well as you should; if you are not supporting your Association as you should, financially or otherwise; if you are no co-operating in every way possible, then your town is not worthy of the excellent organization that you have.

I take it that you are supporting your organization in the fullest way; that you are glad to pay for information, and that you do give your Association your collections; that you will stay away from outside collection agencies, some of which are not dependable or reliable.

In other words, you should give your local agency a 100% support. The crook that is ever with us has left his slimy trail from one end of the country to the other; he is just as liable to turn up in Longmont as he is in some other place. Your Credit Association will stop him, if you will but give it a chance.

You must ask for reports in every case, file with check ledger report, etc. In Denver our firms inquire on every order that comes in. The firms there also periodically check up for credit reports on slow and delinquent accounts. Why do they do this? Because they know that it pays. Firms in Denver tell me they are always glad when our bills are heavy, because they know that they have secured that much more service. Merchants in small communities cannot afford to neglect their credit departments. Carelessness in your credit department leads positively and most directly to bankruptcy. Indifference, on the part of merchants, as to the credit standing of a subject, is one of the most poisoning influences that enter business. Ill will toward your competitors, or toward brother merchants, creates a poisonous toxin which, in the end, leads to commercial death.

In Denver we have our membership grouped. For instance, the automotive finance companies meet with us monthly for dinner and discuss credit problems pertaining to their line of business. The industrial loan companies do the same. The driverless car companies do the same; the retail coal interests, tire interests, department stores, etc., all have their group meetings under the auspices of the Association. Why do they do this? Because they know that it pays, and pays well.

In Longmont there is no reason why you merchants should not have weekly, semi-monthly, or monthly credit conferences, under the auspices of your local Secretary. You should not confine your meetings to an annual meeting. You should become acquainted with each other and help each other in connection with credit protection. There is no other way to control credit. You must not count the little cost involved in time and money, but you must consider the great results that come to business as a whole. You must remember that a community is either prosperous or the reverse, in accordance with the manner in which its people pay their just debts. Your people must be educated to respect the confidence which merchants repose in them. If you sell a bill of goods on the basis of 30 days, the purchaser must understand that it must be paid in 30 days; if your business is geared to accommodate a customer for 30 days, then it is up to you to see that these bills are paid in 30 days; but in the beginning you must see that there is reasonable expectation that the customer will pay, otherwise you will encounter trouble. The first thing you know, your books will be loaded with doubtful receivables, and your creditors will swoop down and take your business away from you, because you are not able to pay your bills.

In this connection, when an account begins to lag, and you have resorted to the ordinary collection procedure, it is time for you to call the Association into the case, and get your money before it is too late. The older an account becomes, the more difficult it is of collection, and you cannot expect your Association, or any other organization, to get results unless these accounts that you turn over to it are fresh. Don't wait until the debtor has disappeared or gone bankrupt.

If you don't like the way your Association is run; if you don't like its program, the best thing in the world for you to do is take some interest in your Association and have something to say regarding the manner in which it is run. You will find, if you take an interest in the Association, that you will be more pleased with it.

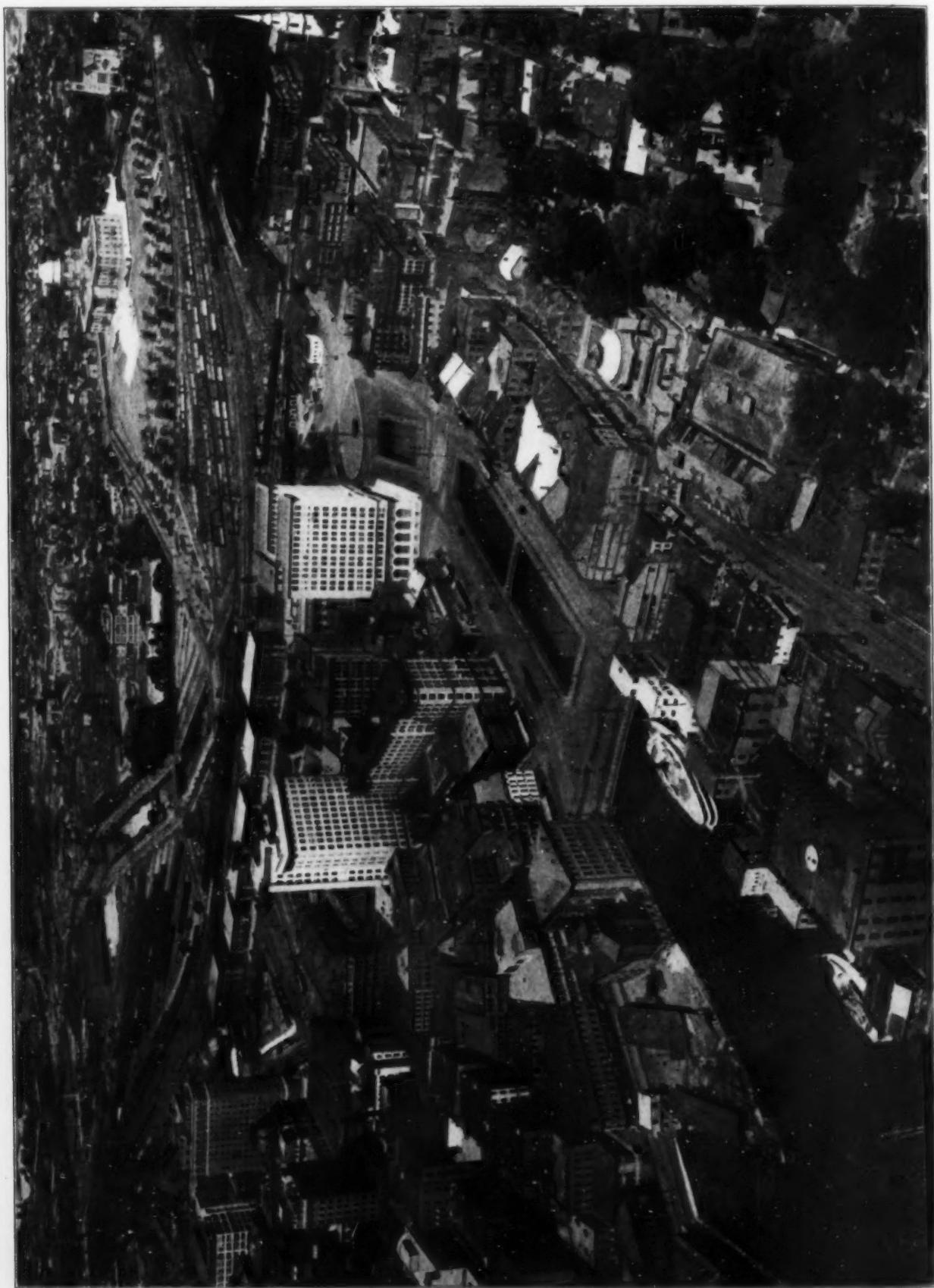
You gentlemen are members of luncheon clubs, lodges, and various other organizations, to which you contribute dues; but I believe I may say, without fear of contradiction, that there is no organization in your community, or any other community, that costs you so little and gives you so much as your Credit Association.

I mention these things to let you know that Association work is not confined alone to the matter of keeping a few records, or collecting a few accounts, but that its influence spreads out in numerous directions; that it is constantly striving to better community conditions; to stabilize credit, and to protect, above all else, the business man.

In conclusion, I want to leave with you the final thought that all of you must get back of your local organization and support it to the last nickel. If you are not paying sufficient dues to amply support the organization; if your Secretary is not receiving a salary commensurate with his ability and willingness to serve, you should double your dues, if necessary, to place your Association on the proper foundation. Association Secretaries must be well trained men; they must be capable and educated, and they must be trustworthy. You merchants, therefore, should see to it that these men are properly compensated. Don't figure like the old Scotchman, whose son had come to America, and, after the son had been over awhile, he wrote home for some clothes which he had left behind in Scotland. He asked his father to send his clothes over, and the old man, in doing so, wrote the boy a letter: "I am sending over an overcoat and two suits of clothes, but to save on the carrying charge and postage expense, I have clipped off all the buttons, and you will find the buttons in the vest pocket." Penny-wise and pound-foolish.

Your National Association, of which I have the honor of being a Director,

(Continued on page 29)



Bird's eye view of a section of Providence

## OUR NEXT CONVENTION CITY

The County, California, February, invited of the An gram Taylor. The Conference meet region Association. The regularly of an must. Meets supply retain National caref Taylor merely will experience. In Asso which Mar inclu the mea name exc arti in the four "Pr me. I ual issu at a a s lec the lad to sto at

## The Secretary's Page

(Continued from page 9)

### EUREKA, CALIFORNIA, WILL HOLD CREDIT MEN'S CONVENTION

The Credit Association of Humboldt County, with headquarters at Eureka, California, will hold a convention on February 22, to which have been invited all credit granting merchants of three counties.

An elaborate and interesting program has been prepared by Bert Taylor, Secretary of the association. The subjects to be discussed, Group Conferences and Exhibits, make this meeting stand out as important as a regional convention of the National Association.

The five group meetings are particularly well planned with the thought of an exchange of knowledge which must result in benefit for all attending.

Mr. Taylor's efforts to make this meeting successful entitle him to the support and encouragement of every retailer in Northern California. No National convention received more careful thought and planning than Mr. Taylor has given this meeting. Every merchant and credit man attending will be well repaid for the time and expense.

### MILWAUKEE ISSUES LOCAL ORGAN

In April, last year, the Milwaukee Association established a local organ which is aptly entitled "*The Credit Man*." It is a four-page sheet, seven inches by eleven. The first page carries the announcement for the monthly meeting. On the inner pages are found names of new members, clippings and exchanges on relative subjects, short articles by members, items of interest in the National Association, etc. The fourth page is devoted mostly to a "President's Corner" and an announcement from the attorney's office.

Interest in meetings is being stimulated and attendance promoted by issuing prizes. Every person present at a meeting writes his or her name on a slip of paper and these slips are collected and held by the secretary until the next meeting. The man and the lady whose names are drawn are entitled to a gift donated by some member store, provided the person is present at that meeting also.

### J. FRANK QUINN DEAD

Death came suddenly to J. Frank Quinn, Manager of the Merchants Service Bureau, Grand Rapids, Mich., on January 22nd.

Mr. Quinn had suffered from heart disease for several years and was stricken while in a department store making a purchase. He was 59 years old and had been engaged in Chamber of Commerce work as Secretary in St. Joseph, Michigan, Warren, Pennsylvania and Petoskey, Michigan, before taking charge of the Credit Bureau at Grand Rapids.

He is survived by his wife, three daughters and four sons. He was a loyal member of the Retail Credit Men's National Association and a delegate to several conventions.

### NEW HAVEN HAS BIG ANNUAL MEETING

The New Haven Retail Credit Men's Association held an exceptional annual meeting on January 24. This was the third anniversary of this organization, and delegates were in attendance from Bridgeport, Ansonia, and Hartford, Connecticut, and Springfield, Massachusetts.

A unique feature was having the program open at 4:30 in the afternoon with an exhibition of office appliances and forms. The banquet was at 7 p. m. Opening address was by John J. Shea, retiring President, and introduction of Benjamin J. Abrams, incoming President.

Justin H. Edgerton, Credit Manager of McCreery & Company, New York, was the speaker of the evening and delivered one of his characteristic addresses on Retail Credits, after which there was dancing and a general good time until midnight.

Fifteen of the outstanding makers of office equipment, card systems, adding machines, typewriters, book-keeping devices, etc., supplied the exhibit, which was really worthy of a National convention.

The officers for 1927 are: President, Benjamin J. Abrams; Vice-Presidents, R. A. Peck and Milton P. Bradley; Treasurer, David G. Danzig; and Secretary, C. C. Coleman.

### THE USE OF OUR EMBLEM

Our attention has been called to the fact that a number of Collection Agencies who are not members of our Association are using our emblem on their letterheads. Cases of this kind should be reported to the National office.

We have received copies of collection letters written on stationery bearing the name of the Retail Credit Men's National Association, and signed D. J. Woodlock, Managing Director. It appears these were printed by a member in Kentucky who thought his membership entitled him to this privilege.

We can not permit the use of our letterheads for the writing of collection or any other letters by individual members. It would lead to endless trouble. The only letters for collection use are those in our Four-Point Collection System. These have been passed upon by our legal counsel and board of directors, and can only be obtained from our National office.

Members in good standing are permitted to use our emblem cut on their own letterheads, or print a line reading "Member of the Retail Credit Men's National Association." These have been found an aid in collections. The National Association will supply cuts to those desiring to use them at a cost of fifty cents each.

### SCRANTON, PENNSYLVANIA, RETAILERS TO MEET

The retail merchants and credit managers of Scranton, Pennsylvania, will hold a special meeting on February 23rd in the new Chamber of Commerce Building.

D. J. Woodlock, Managing Director of the Retail Credit Men's National Association, will be the principal speaker and his talk will be broadcast over station WQAN.

An interesting feature of the meeting will be consideration of the essays of high school students on the value of good credit, a contest conducted by the local credit men as an educational feature.

A single credit fact is worth a ship-load of guesses.

**"The Southern Gateway of New England"** August 9th-12th  
See page 14

# THE EMPORIUM Changes to the Nation



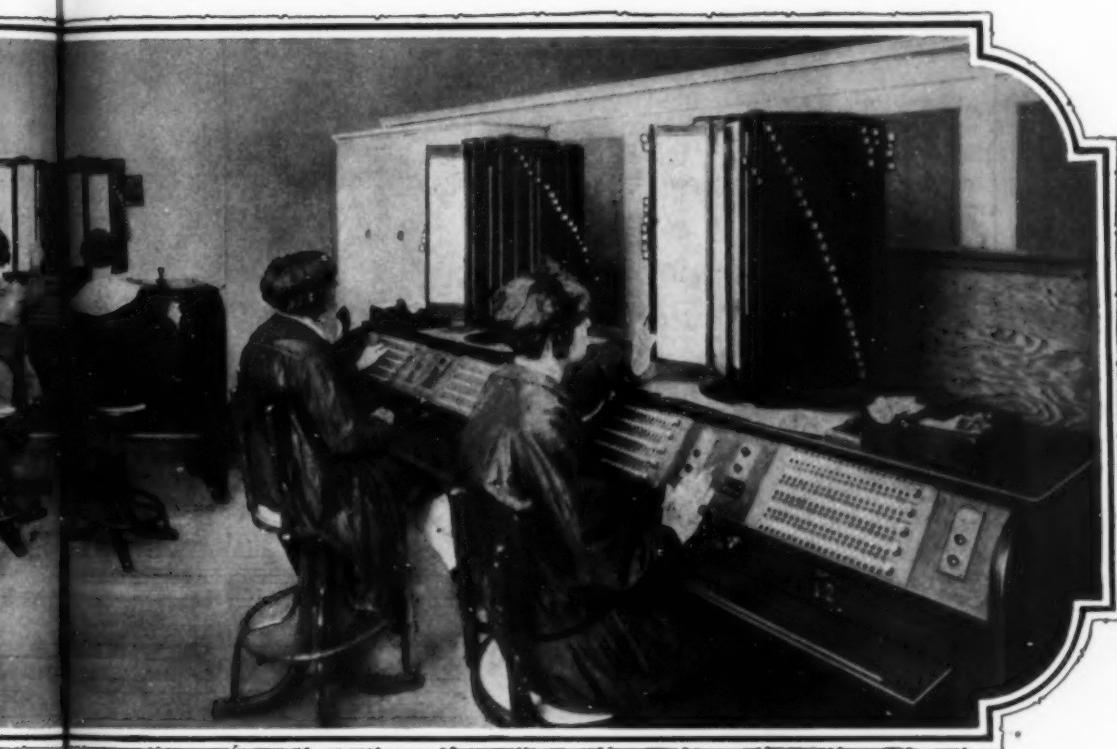
The Credit Office of The Emporium

PROMINENT stores everywhere are abandoning slow, cumbersome methods of authorizing charges and are installing the new National Charge Phone System. This method enables them to give customers faster service and affords a better control over purchasing on charge accounts.

In The Emporium, careful consideration was given to all modern types of charge authorizing systems in order to decide which could be used by them to the best advantage—their choice was the National Charge Phone System. With it they are able to handle the

## THE NATIONAL CASH

# M SAN FRANCISCO on Charge-Phone System



e of Thum at San Francisco

same volume of business with six authorizers that formerly required twelve. In fact the results that this system has produced are far beyond their expectations.

Credit business in many stores is handicapped by slow, cumbersome authorizing methods; yet, it is never known because this better way has never been carefully analyzed.

A card, a letter, or a call to our nearest office will bring the services of a National Cash Register representative to assist you.

**NATIONAL CASH REGISTER COMPANY** DAYTON,  
OHIO

## NORTH CENTRAL DISTRICT CONFERENCE

Over 200 retail credit men and women members of the Retail Credit Men's National Association assembled at Hibbing, Minnesota, on February 7th and 8th for their second annual Conference of the North Central District, embracing Minnesota, Wisconsin and the Dakotas.

Sessions were held in the city auditorium and presided over by H. W. Hoklas, credit manager of Young Quinlan Company, Minneapolis, president of the group. Prepared papers on credit problems, followed by open forum discussions, brought out many points of great educational value.

Managing Director D. J. Woodlock, of the Retail Credit Men's National Association, addressed the opening session and was the principal speaker at the noon luncheon meeting of all commercial and civic clubs of Hibbing.

A banquet was held on the evening of the 7th, and was attended by over three hundred, the speaker being Governor Young, of the Federal Reserve System, who explained the value of and workings of that important feature of our commercial system.

A play in two acts, demonstrating the Trials and Tribulations of the Credit Man, was presented by the retail credit men and women of Duluth and proved very entertaining.

The St. Paul delegation furnished several professional comedians, who kept the audience in roars of laughter with their comic song and musical numbers.

A. C. Pearson, of the French & Bassett Company, Duluth, proved a credit man can do other things than pass on credit and rendered a number of difficult selections on the mouth harp.

The meeting elected Mr. E. H. Schlitzus of Rochester, Minnesota, as president and decided to hold its next meeting in Rochester. It also voted for an aggressive campaign to increase its membership.

Fred Thompson, credit manager of the *Minneapolis Journal*, is the only newspaper man to be president of a local association. He is president of the Retail Credit Men of Minneapolis and has made a great record during his administration.

Teach people that they can't live a \$1.25 pace on a dollar income.

## GOOD WORK

On February 9th, the Judiciary Committee of the Minnesota Legislature voted to kill the bill to increase the amount of exemptions in that state.

The bill doubled the present exemptions and had strong support. In fact, it was looked upon with such favor by many legislators that it appeared a hopeless task to oppose it.

The members of the Retail Credit Men's Association of St. Paul and Minneapolis sent several delegates to appear before the committee and argue against the bill. Every Credit Association in Minnesota and the District Conference at Hibbing passed resolutions condemning it as unsound and an additional burden upon retailers. Finally, at a hearing on February 9th, after listening to the arguments of twenty of the leading credit men of the Twin Cities, the bill was defeated with but a single vote in its favor.

The credit men of Minneapolis and St. Paul deserve to be complimented on this work, which shows they are on the job and persistent in demanding proper protection for the retail credit grantor.

## MINNEAPOLIS ASSOCIATION HAS LADIES' NIGHT

On February 9th, the Retail Credit Association of Minneapolis held its Annual Ladies' Night. About two hundred and fifty attended, including visitors from St. Paul and other nearby cities. The evening was given over to a Valentine party, entertainment and dancing. National Managing Director Woodlock was given a rousing welcome and made a short talk before leaving to catch a train for Chicago.

Credit is the greatest selling factor in the world—hence it should be the most closely guarded and most thoroughly studied of varied phases of retail merchandising.

*A good thing to remember,  
And a better thing to do:  
Work with the construction gang,  
Not with the wrecking crew.*

**"The Southern Gateway August 9th-12th  
of New England"**

*See page 14*

## CONFERENCE NOTES

S. L. Gilfillan, the Father of the National Association, was on hand as usual. Although it is fourteen years since Gil founded our National, he appears never to tire of working heart and soul for credit organization.

National Director Funk, of Minneapolis, took an active part in the program, although somewhat indisposed physically.

Handsome George Credit Fairley, the general secretary of the Duluth Association, arrived for the opening session in his new Packard. George needs a good car on those hills around Duluth.

A. C. Pearson, of French & Bassett Company, Duluth, a former National Director, surprised everyone by his playing a mouth harp at the banquet. He can certainly make that little instrument render sweet music.

H. G. Clemens of the Golden Rule, St. Paul, was the busiest individual. As Treasurer of the District he had his hands full keeping our credit good.

The St. Paul and Minneapolis delegates had two special cars on the Great Northern R. R. as far as Duluth, where the entire party took busses for the eighty-mile drive through four feet of snow to Hibbing. It was a delightful trip.

Hibbing is a wonderful city, clean and aggressive, not like the mining towns we see in moving pictures. They have some wonderful modern buildings, including a three million dollar school. The population is about 20,000 and the city has been built and developed within the past few years.

The community that is successful is where the men are collectively going after the business.

Those who incur obligations for purchases other than absolute necessities in excess of three months' salary per year are biting off more than they can chew.

Square up and your creditors won't be coming around.

## THE SALES OUTLOOK FOR THE UNITED STATES

### SUMMARY

The moderate business recession experienced in the United States in recent months is probably not the forerunner of any prolonged recession in most lines. On the contrary, the usual seasonal upturn in a number of industries is anticipated early in 1927. In view of the reduced agricultural income in 1926 and the weaker position of the automobile and several other important industries, trade prospects are not, however, nearly so favorable as at the beginning of 1926.

The crop losses sustained by reason of the drastic break in farm products prices in recent months have probably been over-emphasized. While it is reasonably clear that the 1926 crop season failed to measure up with that of the previous year, most farming communities are in a stronger financial position than prior to 1924. Credit conditions are not seriously disturbed, and any immediate drastic recession in trade activity is not anticipated in the farming sections either of the Middle West or South.

From the standpoint of industry, the trend of conditions in recent months has been moderately less favorable. The automobile industry has experienced a sharp recession which has been felt in a number of allied lines. The steel and building industries have also encountered some curtailment. Nevertheless, the outlook for the first quarter of 1927 hardly warrants expectation of further serious declines at this time.

Following the greatest holiday retail trade on record, probably no more than the usual seasonal recession will be experienced in sales of most lines of consumers' goods in January and February. Sales organizations may proceed, we believe, with considerable confidence in the carrying out of Spring sales campaigns. Quotas should, generally speaking, be set about 5 to 10 per cent under last year's, but there are many sections of the country that will continue, for a few months at least, to yield fully as much new business as in this season last year.

### SERIOUS RECESSION UNLIKELY

Industrial activity has been receding during the past two months. This downward trend has been particularly noticeable in two of the most basic

industries—steel and automobiles, but it has also been felt in varying degree in almost every important manufacturing industry. In considerable measure, the decline has been a purely seasonal development, but it has been fostered by other factors as well. The pronounced drop in crop incomes in 1926 has been one of the most important of these influences.

Although there is little likelihood of activity in most of the major industries during the first quarter this year at levels as high as were registered in a similar period last year, it is hardly likely that any major recession is faced at this time. On the contrary, seasonal influences will account for a moderate upturn in numerous lines during the next two or three months. Holiday retail trade broke all records, taking the country as a whole, and stocks of manufactured goods in distributors' hands are not now of burdensome proportions.

That the aggregate purchasing power of the United States is at present somewhat lower than it was early last Fall is hardly open to question. According to an estimate by the United States Department of Agriculture, the value of the 1926 crops was practically one billion dollars less than in the year preceding. This represents almost a 15 per cent decline in purchasing power. *While the actual loss of purchasing power is probably much less than is shown by this estimate, it is clear, nevertheless, that the farming communities both in the Middle West and South are in a materially less satisfactory financial position than they were at this time a year ago.*

### SOME ONE TO LEAD

There isn't a boy but wants to grow

Manly and true of heart;

And every boy would like to know

The message you impart.

He doesn't desire to slack or shirk,

And haven't you heard him plead:

He'll follow the man at play or work

If only the man will lead?

Where are the men to lead today,

Lending an hour or two,

Teaching the boy the game to play

Just as a man should do?

Village and slum are calling "Come,"

Here are the boys, indeed!

Who can tell what they would become

If only the man will lead?

—The Boy.

## Credit Reporting, the Strong Arm of Business

(Continued from page 17)

To inspire higher ethical standards.  
To stress the obligation of complete service.

To co-operate with fellow members for the benefit of each and all.

### ACTIVITIES OF ASSOCIATION

A recent activity of the Lincoln association is the reporting to the office of the Nebraska Credit company, the names, amounts and terms of payments of all new charges authorized, whether open account or contract account. By thus centralizing this information, and by calling for reports, overloading is prevented and the consumer limits his payments to such amounts as can reasonably be met. The Lincoln Retail Credit Men's association and the Nebraska Credit company work hand in hand, and any suggestion coming from the credit men regarding improvement of the service has always been thankfully received and practically always adopted by the credit company.

## Your Collections

... in ...

## DETROIT

Will receive the best attention  
possible if sent to

### The Merchants Credit Bureau, Inc.

The largest collection department  
in the city devoted exclusively to  
**RETAIL ACCOUNTS.**

The benefits accruing in placing  
your accounts with an organization  
owned by the merchants, for their  
protection, are self-evident.

Rates Reasonable  
Safety Assured

**Address—602 Barlum Bldg.**

# The Daily Snoozer

PUBLISHED SEMI-OCCASIONALLY

At the Annual Conventions and Other Occasions Whenever Editorial Symptoms Develop

It's the size of a dime  
but worth a million



Criticisms Solicited  
(For Waste Basket)

Editors Bonded by Fellowship

EIGHTH SNOOZE OF THE SIXTH YEAR

FEBRUARY, 1927

HALF SCENT

Forecast for Northern Ohio—Collections dropping, applications going up. Relief promised in the sweet by and by.

J. E. R. Chilton, Jr., Dallas, had the pleasure of having Mr. R. L. Baugh, Jr., of the Okmulgee, Oklahoma, Association as a guest January 26th.

"As one of your lame duck office boys," says our Cleveland assistant, "I object to being called even an 'associate snoozer.' A lot of nasty things are said about our Kredit Klan, but lay off that 'snoozer' dope."

The Cleveland Association office had a dance the other night for employees. Ex-National Director Slater horned in, as is usual with him when ladies are involved, and danced all the young bloods off their feet.

Leop. Meyers' pay-up campaign will be taken about as willingly as smallpox by some of our Cleveland members. Why? Oh, nothing much. They just are beginning to work out of that "Buy Now, Pay Hereafter" pre-holiday advertising spree.

Cleveland has been frozen in for a month. As a result Credit Manager Wm. Hoffman, The Stearn Co., is tickled pink and saving money. Bill is a golf nut and has been losing oodles of balls in backyard winter practice. Now he's batting ice balls about.

Credit Manager Chas. Egeler, of Halle Bros. Co., Cleveland, has his option of finding false teeth lost by a debtor's wife or waiting for payment on an old account. It's this way—the teeth are gone and if a new set is to be made, the store bill will have to wait.

Robert Stern, of Dallas, had an amputation the other day. No it wasn't a leg, arm or toe, just part of a toe-nail. He is recovering rapidly, in spite of those who take a delight in stepping on his pet.

Bill De Vere was severely criticized at the Colorado-Wyoming convention for casting a reflection on the dignity of the convention by wearing a derby, which caused the secretary to feel Bill looked more like an advance agent for a musical comedy than a dignified credit man.

Get a good "protege," whatever that is. The January CREDIT WORLD says that Sanders, newly installed assistant to Mr. Woodlock, is a protege of Charlie Reed. Sanders says Reed is the best Bureau Manager in the country. Moral (if any): Get yourself a good protege.

Frank Casey, Bureau Manager at Lima, Ohio, motored to the Tri-State meet at Toledo. Going up Casey was dry and the roads were wet, a sort of fifty-fifty proposition. His record was seven times in the ditch, in going up. Returning, it was a one hundred percent proposition. The gang at Toledo are anxious to learn what record Casey established on the return trip.

The announcement of the meeting of the San Francisco Credit Men's Association for February 17th bears many skulls and crossbones, cutlasses, black flags and other symbols of pirates of olden days. We understand all undesirable credit customers are to be made walk the plank.

O. C. Reed, former assistant secretary at Grand Junction, Colorado, has been made manager to fill the vacancy created by the transfer of A. B. Sanders to the National office.

Ronald Vincent, Entertainment Chairman, of the Dallas Association, is doing wonders this year. If any association is having trouble obtaining entertainment for your luncheon, would advise communicating with Mr. Vincent for his ideas.

C. M. Reed, National Director, of Denver, in referring to the transfer of Sanders to the National office, advised the boys that Sanders henceforth would be known as Number 13. Sanders replied to this, "Yes, Number 13 is correct and believe me Number 13 will be unlucky for the fellow who fails to get some National members in the next sixty days.

A novel stunt is scheduled for the Bureau meet at the Mississippi Valley Conference in St. Louis, February 15th-16th. Three competing teams will stage a selling contest. Better than a dozen text books, this will demonstrate actual selling. Each salesman is given fifteen minutes to sell a hard shelled prospect. The three teams are:

ARKANSAS—W. C. Weager as salesman, W. R. Arendt as prospect.

ILLINOIS—H. F. Sehmer as salesman, H. A. Wallace as prospect.

OKLAHOMA—Miss Carrie Thoms as saleslady, W. A. Rayson as prospect.

Looking over the list of prospects, we would say that Miss Thoms sure did pick a hard-boiled guy in that man Rayson. Arendt and Wallace will have to step some to approach Rayson's class.

## NEW YORK ASSOCIATION TO CONDUCT INSTALLMENT CREDIT CLASS

A number of prominent retail credit managers will give a course on installment credits at the New York University School of Retailing, to begin Feb. 3, as noted. The Associated Retail Credit Men of New York City, Inc., is co-operating with the university in giving the course, the outline of which follows:

1. Scope of Installment Credit: Character capacity, personal background. Capital not an essential. Installment buyers not always desirable charge customers. Why? Two important factors in installment credit: worth and durability of merchandise sold. Primarily a moral risk.

2. Nomenclature of Installment Credit: Installment, club, budget, thrift, convenient payment, Morris plan.

Contracts and Explanations: Why different forms are used. Chattel mortgage, conditional bill of sale, agreement, promissory note, lease, assignment of salary, confession of judgment, guarantor. The necessity of obtaining permission of hotels before delivery of merchandise.

3. Financing an Installment Business: Banks aid. Brokerage or finance companies. Their methods, assistance and dangers.

### GETTING CUSTOMERS

4. Getting Customers. Compare Costs of Different Methods: Newspaper advertising, billboards, direct by mail, gratuities, recommended customers. Catch phrases used by different installment houses. Different kinds of installment accounts. Class of customers buying on installment, the undesirable as distinguished from the desirable; racial groups, geographical groups, occupational groups, financial status.

5. Kinds of Goods Sold on Installment: Define. Producers' credit. Consumers' credit.

6. Selling the Customer: Close relationship necessary between credit men and sales department. Terms. The T. O. system explained in its relation to credit terms. Why different terms are necessary in selling different kinds of merchandise. Repossession value a controlling factor in extending

terms. Explanation of installment selling prices.

7. Structure of Installment Credit Office: Personnel. Give diagram. Importance of personality. Mechanical and other equipment. Filing systems, bookkeeping systems.

### OPENING THE ACCOUNT

8. Opening the Account: Information required on application. Difference from charge customers. Signing contract and description of merchandise on sales sheet. Routine of procedure from credit clerk until customer gets bill or receipt for deposit. Explanation of contract: fire insurance clause, minor's and invalid's signatures.

9. Investigations: How information is obtained: telephone, letters, outside investigators, Reference Clearance Bureau. Passing credit. Rating. Acceptance. Rejections. Notice to customer. Forms used.

10. Service Department: House policy, personnel, its importance in credit and collections, adjusting disputes and complaints, repairing and polishing, allowances, delivery of merchandise.

11. Collections: House policy, structure of department, different systems—collection cards, collectors, telephone, telegraph, special delivery and registered letters. Town letters.

### REPOSESSION

12. The Repossession or Voluntary Give-up. Effect on Profits. Storages: what are they? What occasions them? Why record legal documents? Legal remedies: foreclosure, garnishee, deficiency judgment, guarantor, methods of procedure. What is service by substitution? Attitude of courts toward installment houses.

The Skip. Definitions. How to locate. Full explanation of various methods.

13. How to Increase Sales—Sales Promotion Procedure: Follow up paid accounts and reopen. Addressograph or similar follow-up systems. Courtesy forms used on paid-up accounts. Methods other than letters to increase sales. Gratuity, commissions, etc.

14. What is Credit Inflation: Enormous growth of installment selling; the reason, significance. Publicity accorded. Advantages and disadvantages to: manufacturer, retailer, consumer, credit fabric or country.

15. Summary.

## A NEW DEPARTMENT

### STATISTICAL DATA AND RESEARCH DEPARTMENT

This is another new department which we are putting in for the benefit of our members and each month we hope to have vital credit and collection questions asked and answered by the general membership.

In this manner we will accumulate a large amount of information to be used in compiling statistics, and answers to the questions will be of importance to every credit grantor. We also solicit in this department all new ideas which have been proven practical by the different credit managers.

This department, to be successful and of real value to the members, must have the interest and support of each individual member. The questions may deal with anything relative to credits or collections.

A synopsis of the answers received will be published in the succeeding issue of *THE CREDIT WORLD*, and a complete resume of all the answers will be forwarded to the inquiring member.

Let's get behind these new departments and make them of real interest and value, remembering that the success or failure of these departments is directly dependent on each and every individual member.

### SAMPLE QUESTIONS

Should new charge accounts be solicited by mail?

When should an account be charged to profit and loss?

Should there be a carrying charge, either as interest or service, on deferred payment accounts? How much, and how handled?

The Retail Credit Men's National Association offers every credit grantor not only the benefit of the composite experience of its 13,000 members, but their co-operation in the prevention of bad debt losses, as well.

**"The Southern Gateway August 9th-12th of New England"**

*See page 14*

**February 28 to March 5, 1927**

This is:

# National "Pay Your Bills Promptly" Week



Retail Credit Men's National Association

Leaflet No. 1

## Credit—the best aid to success

If you pay your bills promptly from month to month, this message is sent to you by the men who know that you have earned the warmest commendation from more than 14,000 members of The Retail Credit Men's National Association.

But, if you have ever such reverses and have been slow to pay . . . don't let another day go by without calling on your creditors with a word of explanation. If they are then ready and willing to listen and to meet you more than half way.

One never knows when he will be confronted with a polar credit record. The man who has a good record, you may find it necessary to borrow from your bank, or to do business in a distant city. If your record shows him that you are reliable, he will find it much easier to succeed.

Make arrangements now—

## Pay Your Bills Promptly Week!

February 28 to March 5

Put These Streamers on Show Windows and Display Cases

## Members—Attention!

### Stage All Set to Make 1927 "Pay Your Bills Promptly" Week Nation-Wide Success. Can We Depend on You?

Fellow members. You all know how this organization of ours has grown from an original group of 12 men in 1912 to more than 14,000 with representation in 728 cities of America, as we launch full swing into 1927!

Now, get this! From all reports, prosperity is starting the entire nation in the face, and that means more business for all of us. But, if we can inculcate the people with the habit of paying their bills promptly throughout this year, it means MONEY IN THE BANK, and oh, how welcome that sounds to us all.

Fellows, I'm talking straight from the shoulder: We can and we WILL make the 1927 "Pay Your Bills Promptly" Week pay US big dividends, but by the Eternal . . . you . . . every last one of you have got to get busy and do your share.

Here's the campaign in full, spread out before you or these two pages. Look it over—it's red hot, and I don't mean "make!" Read the instructions below and then write—wire or phone—but by all means prove you're a "live wire!" Send in your order now—today!

Leop. L. Meyer, Chairman Educational Committee  
Retail Credit Men's National Association

Leaflet No. 2

## Your Best Friend

You wouldn't stand in the way of your best friend's success in life—would you? You wouldn't tell him off for having a little fun, holding up; you wouldn't rally his good name, blemish his character, get him into trouble with his mother and the merchants with whom he does business—would you?

You are your own best friend! Whenever you go beyond the time limit in which your bills should be paid, don't let it get you down and ignore your just debts, whenever a mark is placed opposite your name on the books of The Credit Men's Association—"bad," "poor," "average," N.G., which means "bad pay . . .". If you are standing in the light of your credit, you are a live wire, and sending him with the greatest impulsion to his ultimate success . . . a poor credit record!

If you are among those who have made arrangements to depend on yourself . . . for the sake of your good name and your future success . . . make arrangements now—

**Pay Your Bills  
Promptly Week!**  
February 28 to March 5  
Retail Credit Men's National Association

Price of Blotters	
1,000	\$4.35 per 1,000
2,000	3.75 " 1,000
3,000	3.50 " 1,000
4,000	3.25 " 1,000
5,000 and over	3.00 " 1,000
10,000 and over	2.75 " 1,000

## Price of Window Streamers

25	\$ .75
50	1.25
100	2.00
500	7.50

## Price of Leaflets

1,000 and over	(per thousand)	\$2.25
5,000 "	"	1.80
10,000 "	"	1.60
20,000 "	"	1.45
40,000 "	"	1.15
60,000 "	"	1.00
100,000 "	"	.85

## Price of Store Hangers

25	\$ 2.00
50	3.00
100	5.00
250	10.00
500	17.00
1000	30.00

## Store Hangers

**"Pay Your Bills Promptly" Week**  
FEBRUARY 28 to MARCH 5  
1927  
Nationally Recognized  
Retail Credit Men's National Association.



February 28 to March 5, 1927  
This is "Pay Your Bills Promptly" Week—  
**PAY YOURS PROMPTLY!**



Retail Credit Men's National Assn.

## How to Use This Campaign

Instruct your local Secretary to order full set of 4 Advertisements to be run in your local papers every other day during National "Pay Your Bills Promptly" Week. Next, business firms (collectively or individually) should order a supply of both Leaflets to mail to all customers with February Statements and use as package inserts; a supply of Blotters to distribute to all windows and display cases, and Store-hangers to scatter throughout stores and hung in all public places. By ordering everything from Advertisements to Store-hangers, your city will do its full share towards making this year's COLLECTIONS the greatest in the history of the Retail Credit Men's National Association.

## How to Place Your Order!

First, decide what you are going to order—from Advertisements to Leaflets, Blotters, Window-streamers and Store-hangers—then add up the cost of each item (allowing for cost of paper) and extend each amount so you can easily total the whole—attach remittance in full and send in immediately!

Leop. L. Meyer, Chairman Educational Committee  
Retail Credit Men's National Association  
c/o Foley Bros. Dry Goods Co., Houston, Texas

# Here are the ads for your mass barrage

ORDER BY WIRE OR SPECIAL DELIVERY—HURRY!



## WHAT IT TELLS About You!

How do you stand in the world of business—is your credit record all that it ought to be? Whatever its status, you alone are responsible. Every one demands to pay his bills promptly. Money can't carry out the intention. Some, however, "turn off" and become *slow pay*—some experience temporary financial difficulty and frankly talk it over with the merchant who extended credit, promising payment.

The fact that you "promise to pay"

is sufficient assurance to your merchant that you at least *want* to pay your bills when they become due. There is a great deal of satisfaction in knowing that your credit standing rates high. When your bills are paid, your mind is at rest . . . you look the world in the eye and smile all the while.

If you're in arrears, catch up as soon as you can . . . and from then on pay up promptly.

THIS IS:  
**NATIONAL**  
**"Pay Your Bills Promptly"**  
**WEEK**

February 28 to March 5, 1927

NAME OF YOUR LOCAL ASSOCIATION HERE



## He is O.K.

Here's a true story from the pages of life: Paul Barrett was a likable chap, made friends wherever he went. In the business world, he had a way of greeting people and impressing them favorably.

When it came to social life, it was the same thing . . . he was a tall fellow, well met, and spent his money freely . . . all too freely for his own good and the good of those who trusted him.

It's the old, old story of trying to "keep up with the Joneses." As time went on, the credit books of formerly friendly merchants were closed to him, and an otherwise likable chap, found himself in troubled circumstances. His credit was

gone, and with it the confidence of those who trusted him.

How much better would it have been to emulate his more conservative friend, Jim Hayden, who always managed to live within his means, paid his bills promptly when they came due, and built up a reputation in business and among his friends that stood him in good stead. When the time came to go into business for himself, everyone—from his banker to the merchants who sold him his complete stock of goods . . . received the same report on his credit rating when they inquired—

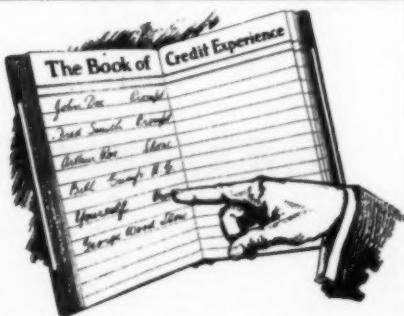
"Who, Jim Hayden? Oh, yes . . . he's O. K!"

THIS IS:  
**NATIONAL**  
**"Pay Your Bills Promptly"**  
**WEEK**

February 28 to March 5, 1927



NAME OF YOUR LOCAL ASSOCIATION HERE



## Make Your Credit Record HELP YOU

If you pay your bills promptly . . . you are classed as an A-1 Credit Risk on the books of the Retail Credit Men's Association, and your record is marked "prompt pay."

If the time limit for the payment of your bills should be exceeded . . . your record is marked "slow pay."

If you experience temporary financial embarrassment call on friend merchant and take him into your confidence . . . give him the reasons for your delinquency . . . he will not only suggest to you a convenient plan for the payment of your

debts but will also provide for the protection of your credit record, in order that you may not be classed as "N. G." or "Bad Pay."

Regardless of your classification . . . if you want to open up a new account . . . borrow money from your banker . . . go into business for yourself . . . buy a home or turn out . . . your record is an open book and governs your credit rating in your home community or wherever you may go.

Make your Credit Record help, not hurt you. Confidence is the basis of all credit.

THIS IS:  
**NATIONAL**  
**"Pay Your Bills Promptly"**  
**WEEK**

February 28 to March 5, 1927

NAME OF YOUR LOCAL ASSOCIATION HERE



The standard of a man's worth is "Credit." Therefore, the strongest step he can take is to protect that standard at all costs.

You've heard this said about someone you know: "He may be all right, but he doesn't pay his bills." A collector at the door often than usual . . . an account closed against further retail credit . . . a name brought up in the meeting of a bank's loan committee . . . notice in the "Court Review" . . . there are dozens of ways in which the credit record of a person becomes clouded.

THIS IS:  
**NATIONAL**  
**"Pay Your Bills Promptly"**  
**WEEK**

February 28 to March 5, 1927

NAME OF YOUR LOCAL ASSOCIATION HERE

Complete Set of 4 Mats \$4.00

# A Community Credit Policy

Address Made by National Director CHAS. L. GRADEN, Credit Manager, H. Liebes & Co., Portland, Ore., to Associated Retail Credit Men of Portland.

I HAVE chosen to say a few words this evening on the subject, "A Community Credit Policy," because I feel this subject is more important to each and every one of you here than any other subject that I might have selected. This subject is a new one and was first discovered by our honorable past President, Ralph Watson, of Spokane.

Before going into this subject, I want you to fix firmly within your minds the following principle, as it will materially assist you in following me through the balance of my discussion: Credit is an institution, not a number of institutions. Now, get that clearly. Credit is an institution, not a number of institutions. In other words, all the credit business transacted within the nation is one institution.

Each and every credit department is a part of the general scheme of the public's buying system, not the merchant's selling system. Today, it is the merchant trying to meet the public demand, and not the merchant trying to give more service or merchandise. If credit was a number of institutions, there would be no need for credit reference. Each and every credit department would be complete within itself, and there would be no interchange between credit departments. This, however, is not the case; and because it is necessary for credit information, no credit department is complete within itself, and, therefore, credit is an institution and not a number of institutions. The great big problem today is how to best work all of these integral parts together to form one smooth running and efficient credit institution.

That this credit institution might work efficiently, and smoothly, a community credit policy is absolutely necessary, that all integral parts may work smoothly one with the other, forming a machine that reaches from one end of this country to the other. An organization has sprung up within the last fourteen years known as the Retail Credit Men's National Association, which functions as a wheel within a wheel, much after the fashion of any

complicated piece of machinery, that you may see where a number of wheels are revolving—all operating as an integral part of a smooth running machine which accomplishes but one object. This organization has been established whereby an interchange is possible to prevent fraud and make credit safe. Here in Portland, we have an efficient credit organization operating as a local unit of a machine embracing all of the retail credit being transacted in the Portland district. This functions smoothly and will function more smoothly when we have adopted a uniform community credit policy.

The Portland unit, however, is not complete because it requires an exchange of information embracing a larger territory; therefore, there has been formed a state association embracing the bureaus in the State of Oregon. This is not complete and is again encircled by the Northwest Conference district, which embraces the States of Oregon, Washington, Idaho and Montana. This, again, is not complete, as people still move from this territory into more distant territories, causing the Northwest Conference district to still be incomplete and only a part of the institution, the Retail Credit Men's National Association. Now, we have a credit institution which is complete within itself, inasmuch as general exchange between other territories is not necessary.

With this organization to back us up, any local community properly functioning, can establish a community credit policy which will absolutely control, and make profitable and safe, retail credit granting. Let us look for just a few minutes into the results that may be accomplished through a credit community policy. Los Angeles, the nearest city having such a policy, we are told, enjoys a collection percentage of from 60 to 80%. In a nearby city, in the same state, which does not enjoy a community credit policy, we are told the collection percentage averages from 20 to 40% on the same class of accounts. This comparison is established and substantiated by figures

obtained from several other sections of the country who have established a community credit policy.

Now let us see how a community credit policy may be obtained, and the requirements for enforcing same. First, it is necessary to develop your local bureau by clearing all credit information through it. The old method of direct inquiry is obsolete and dangerous—dangerous, first, because it elicits only the good and never uncovers the bad; and, second, because a person giving derogatory information which cannot be backed up 100% may be held for heavy damages. These damages do not apply where information is given through a recognized credit bureau, inasmuch as this is considered a privileged communication similar to the privilege granted newspapers. Have you ever had an applicant refer you to a P & L account? No, of course not. The public usually has good sense, and they know that if they refer you to bad accounts they will not get the credit for which they are applying. The only way to get all of the information, both good and bad, is to clear all through the bureau. When all merchants follow this procedure, the bureau soon has a complete record of every account each individual has in the community. Have you ever seen a person go through bankruptcy owing but one account? No, certainly not. There is always a number of different accounts; and if you will check back you will find that the individual started with one account, and when that became delinquent, they opened another and another and another, until they were so completely in debt that they think the only way out is through bankruptcy. There are also the few who go through bankruptcy that have established several good accounts and have carried them for some time, and finally, through unfortunate circumstances, find themselves so far in debt that to liquidate seems impossible to them. This again can be handled by total clearance through the bureau. Whenever an account previously satisfactory, begins to lag and show delinquency, it is then time to get a

new report from the bureau, and a recheck will soon show that this individual is pyramiding his various accounts, and it is then time to shut down on additional credit until the old balance is liquidated. By such handling, the pyramiding of accounts can be easily avoided. There is always an excuse for the first individual to get a bad account; but there is absolutely no excuse for the second, third and fourth individual to get stung on the same account.

Now, no doubt, you are saying in your own mind, "Yes, this would be wonderful if we could just get all the merchants to co-operate, but they won't." Now just let me ask you a question. Could any one of you operate your credit department if you were unable to get credit information from any other store? No, of course you could not. Now this is the point: First, you must build up the bureau to the point where all information is exchanged only through the bureau, and all members refuse to answer the direct inquiry. When this point is reached, you may hold your meeting and decide upon your community problems, and by agreement between the stores lay down rules of your association as to such policies as terms, discounts, advertising of credit, etc., and these rules may be enforced by fines or other punishments to the member violating them, payment of which may be enforced by withholding all credit information from that individual until the fine has been paid. If a firm has violated the rules laid down by the association, and thereby cut off from credit information, he will be either obliged to give up the credit business or make peace with the credit association.

A community credit policy is unusually important to us today in view of the tremendous growth of installment credit during the last few years. Today, in many localities each individual store is endeavoring to establish their own credit policy; many times, through ignorance, are selling their merchandise below cost, and the legitimate merchant is forced to compete with the merchant who is going bankrupt through credit and don't know it. The time has come when the credit association must step in and, through scientific study, determine when profit on an account ceases and loss begins.

Many merchants are operating with one object in view—that of volume, because in the past business experts have pointed out that profit comes from volume. This, however, is erroneous, and those same business experts today are telling us that profit comes not only from volume but from turnover; and today many merchants are doing everything within their power to secure turnover of merchandise, even to the point of turning the merchandise into a frozen account on which they receive no turnover for months. By so doing, they are absolutely destroying the benefits they receive in the turnover of merchandise.

When merchandise is sold on credit, the turnover is only half complete, and under the present competition in many lines, sufficient profit to justify being in business cannot be obtained on a single turnover. Therefore, profit is made today, not only in turnover of merchandise, but the turnover of merchandise must also be followed by a rapid turnover in ledger accounts. Every day we may find retail firms going bankrupt where the largest asset listed is receivable, and if you will investigate those receivables you will find a sluggish turnover and a very small number of the accounts actually collectible. Merchants have found themselves bankrupt at the end of a period when they thought they were making money.

There is just one other phase of the community credit problem which I want to mention because of its far-reaching effect on the smooth workings of the local credit situation. We find in many instances merchants who do not fully support their credit man or credit lady. Many stores in this local field employ a bookkeeper-credit man, who is given the duty of looking after the credits. This individual will gather information and pass on an account. The customer becomes angry and goes to the boss, and the boss then overrides the judgment of the credit grantor. I want to say to you merchants who are here today, that if you have a credit grantor in your employ in whom you do not have sufficient confidence to give him absolute control of your credit, you will be better off to fire him on the spot and get a new one in whom you will have confidence. I do not want to impute to the merchants an arbitrary disposition or

motive, but such action is based on ignorance. Nine times out of ten your credit grantor has more and better knowledge of who is and who is not entitled to credit than you have, and in a position to give an accurate decision on each individual case.

You are spending your time with other problems and are not in close touch with the credit situation to the extent that you have a better knowledge than your credit grantor, but only understand credit from a general standpoint of what it used to be, and not of what it is today. Your credit grantor has followed up this proposition and is in a position to pass on any credit applicant. If your credit grantor is not a student, does not follow up conditions, that person should not be in charge of your credits. This work is too important to be delegated to any person who does not make an effort to keep abreast of the changing conditions.

Therefore, in conclusion, I say: Mr. Merchant, encourage your credit grantor to co-operate 100%, urge him to attend all meetings of the association, urge him to read, study; and last but not least, keep your fingers off the credit department.

## CLEVELAND COLLECTIONS are SOLICITED

**DEPARTMENT**  
owned and controlled by representative retail establishments of City.

Association will accept, and solicits, all forwarded claims for collection.

### Address

The Cleveland Retail Credit Men's Company  
405 Chamber of Commerce Building - Cleveland, Ohio

**Keeping Your Promise!**

KEEPING one's credit good means keeping promises good—for all credit is based on mutual trust and accepted on good faith. Pay according to your promises—that's the basic rule.

Keep your credit record clear! Protect it and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**You Are Judged by Your Credit**

YOUR credit record as shown on the books of your creditors, has a far-reaching effect on your life and affairs—it is the measuring line by which many people (and all prospective creditors) judge you.

Keep that record clear and it will help you in countless ways—in social and business life—in times of necessity and emergency.

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**Keep Your Credit Record Clear!**

EVERY time you open a new account—every time you receive credit from any source, you have another opportunity to strengthen your reputation for prompt payment—to make your credit foundation secure.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

## Inclose Credit Educational Inserts With Your Monthly Statements

A most effective way to change slow pays into prompt  
Attractively printed (two colors)

Diplomatically worded . . . One for each month in the year

National Association propaganda that does not give offense. \$2.00 per thousand—Ten thousand lots, \$1.50 per thousand. Try them with your February statements.

Order from

**RETAIL CREDIT MEN'S NATIONAL ASSOCIATION**  
606 Equitable Building - St. Louis, Missouri

**Protecting Your Credit**

NO ONE can protect your credit but you—no one else can destroy it, for, always, your credit is what you make it. Your credit is one of your greatest assets—it deserves your highest protection.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**Let Your Creditor Know!**

WHEN you can't pay a bill on time, an explanation of your inability will go a long way towards protecting your credit. Your creditor wants to help you keep your credit good—help him to help you!

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**The Cash Value of Credit**

"A GOOD NAME," said Solomon, "is rather to be chosen than great riches,"—and a good credit is preferable to a bank account. A high credit record is good; never "break" it—let it stand, independent of money. Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**Good Credit Is An Asset!**

A WELL-KEPT charge account is a convenience inconveniences of carrying about large sums of money to pay for your purchases—and it assures you that your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**Credit Inspires Confidence**

A CLEAR credit record inspires confidence in you—in your ability to do things—and the confidence of others! Keep your credit record clear and you can face the world with the confidence of constructive achievement.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**Pay Promptly and Succeed!**

PROMPT payment of bills is one of the cornerstones of success and a good credit record is the passport to financial independence. Make your credit exceed a "credit" to you—use it as a stepping-stone to bigger things.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**Your Credit Record Follows You!**

KEEP your credit record good and you'll always find it where you need it! Move to new points, travel in strange places and your credit follows you—for good credit at home means good credit abroad.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**Faith—The Basis of Credit**

FAITH in people—in their integrity—their purpose—is the basis upon which all credit is built. A high credit rating is based, not so much on one's possessions as how he respects this faith record.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

**How Credit is Established**

GOOD intentions, valuable as they are, cannot build good credit. Only by religiously living up to every agreement, discharging every obligation when due, is credit established. And only in that way can it be maintained.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association  
EXECUTIVE OFFICES SAINT LOUIS

## That Credit Application

(Continued from page 7)

The nearest relative is an essential part of the application. While sometimes the purchaser feels that in furnishing the name of a relative, they are making him or her responsible for the account, an explanatory talk on this point generally satisfies them that this is merely a routine procedure for the particular purpose of identity. Of course, the mere fact that this information is imperative in tracing the customer later on, should the account go past due, is for the employee to keep strictly to himself.

It is very easy to determine whether or not the application is made by self or wife or what not. But at the same time, the information is necessary should the party be only a near or far relative, who has been told they have the privilege of opening an account in some other name than their own.

The approximate limit is simply a question of house policy and is used by the credit man or woman only when certain limits have been decided upon on certain accounts. This also applies to the terms of purchase. It seems to be the consensus of opinion, however, at the establishment of an approximate limit on the account, together with a thorough understanding as to terms, is a decidedly important part of the interrogation necessary in opening an account.

In requesting bank information, quite frequently the applicant feels that the mere mention of the name of a certain prominent banking institution in the city or a neighboring community is sufficient. However, this is not the case, and by tactful questioning we should determine the exact name of the financial house, the character of account and the manner in which checks drawn on the account referred to are signed. This simplifies greatly the routine procedure of securing the bank reference. The particular point involved is whether or not the applicant maintains checking or savings accounts at the bank and is not simply a Christmas Savings Clubs depositor or pays on a real estate note. Invariably the banks are eager to cooperate in furnishing information concerning the responsibility of one who draws on them, but at the same time they should not be expected to ransack

their files to determine an account when the party simply calls at the bank at regular intervals and makes payments on notes for collection or what not.

Of course, the references are easily handled and the customer volunteers this information readily. However, one should make it a point to determine the names of three houses when the applicant says, "References? Oh my! I deal all over this town."

Then the signature; and why the signature? Because the customer is making a statement to an authorized representative of the house in an effort to establish a credit standing, purchase merchandise and pay for the same at a determined date. When reaching an agreement it is customary to sign the same as an evidence of a complete understanding as to the requirements of both the customer and the house. This signature may also be used on the files as an important factor in allowing the customer to cash checks readily in the store. Then again, it serves oftentimes as the only clue in establishing a fraudulent buyer.

The witness is necessary but not used generally. In most cases, the person who takes the application acts as a witness and represents the firm in entering into the agreement.

This completes the formality of taking an application for credit in detail, and should the employees of the office be trained as to the necessity of establishing the information desired, it is more or less simple to maintain the records of the credit office in an efficient manner in the average case. Of course, there are exceptions and often it is virtually impossible to secure any information from a customer other than name, address and name of one firm with whom they have dealt. Customers of this nature, of course, will apply for credit accommodations as long as credit is in existence and reams of paper could not carry sufficient information to develop a way of securing from them a full application for credit. However, they concern us not; it is the average customer with whom we are dealing day after day that interests us in perfecting a method that serves as a criterion in securing information that is pertinent to the application for credit.

Essentially, the application need carry only the following data: Name of applicant and help-mate, be it wife or husband, address and former address, occupation, ownership of real estate, nearest relative, banking references and trade references. The limit and terms of purchase are of course optional, as is the signature.

To be successful in taking an application for credit, and this means to secure all available information, and at the same time act as a salesman for your firm, resolves simply into the statement that there is a time and place for everything, and the most important thing to remember is when *not* to talk.

### COLLECTION LETTERS

By EDWARD WILLIAM DOLCH, A. M.

The close relation between credits and collections cannot be over emphasized. In many ways they are two phases of the same thing and the same man or the same office should handle both. In all that follows it must be remembered, therefore, that we have behind us the circumstances under which credit was granted and ahead of us the question of the granting of future credit.

It will be our assumption throughout that ultimately the firm is going to collect every cent due it according to the terms of sale, less, of course, any deduction that should be made for adjustments that may be called for. It is true that many firms "let bills go" for fear of arousing ill feeling by legal action, but such a course is felt to be in the long run bad policy and is not practiced by modern business houses.

It will be assumed that we are talking about collections in a highly competitive market. In some lines of business and in certain territories in the case of other lines, little competition exists, and in consequence a manufacturer or dealer may feel he need not "waste time" considering the feelings of his customers. If one customer will not live up to the specified terms, someone else will do so. It is such methods, however, which open up an easy field for the competition which is bound to arise sooner or later. Full consideration of the customer's point of view is therefore wisest under such conditions, just as under the strong competition that calls for so much of salesmanship in every contact with present or possible customers.

PROGRAM OF  
**FOURTH ANNUAL CONFERENCE**  
*Retail Credit Men of New York State*  
 OSBORNE HOUSE, AUBURN, N. Y., FEBRUARY 21st and 22nd  
**Tentative Program**

**MONDAY MORNING**

Registration 9:00 to 10:00

**OPENING OF SESSION 10:00**

*Address of Welcome*

HON. ROY A. WELD  
 Mayor of Auburn, N. Y.

*Response*

JOHN M. CONNOLY  
 Secretary Associated Retail Credit Men of  
 New York City

*"The Art of Credit Granting"*

JUSTIN H. EDGERTON  
 Credit Manager, Jas. McCreery & Co.,  
 New York City

*"The Bank's Part in the Credit Structure"*

WILLIAM K. PAYNE  
 President Cayuga County National Bank,  
 Auburn, N. Y.

ADJOURN 12:00

*Luncheon*

Sight-seeing tour of historic Auburn prison

**MONDAY AFTERNOON**

RECONVENE 2:30

*"Credit Operations from a Lawyer's Standpoint"*

HON. RICHARD C. S. DRUMMOND  
 Former Judge City Court, Auburn, N. Y.

*"How We Handle Collections"*

ROY F. MYERS  
 Credit Manager, The Wallace Company,  
 Schenectady, N. Y.

*"Advantages of the So-called Partial Payment Plan"*

CHARLES D. JARVIS,  
 Manager, Foster & Adams, Syracuse, N. Y.

*"Selection of Credit Risks"*

JOHN L. DEBES  
 Manager, Wilson & Green Lumber Co.,  
 Syracuse, N. Y.

*"Relations of Credit Bureau and Credit Grantor"*

BENJAMIN SUSKIND  
 Secretary, Merchants Credit Association,  
 Kingston, N. Y.

*Open Forum Discussion of Relations of Credit Bureau  
 and Credit Grantor*

Discussion led by JOHN M. CONNOLY  
 Secretary, Associated Retail Credit Men of  
 New York City  
 ADJOURN 5:30

**MONDAY EVENING**

7:00—Informal Banquet and Entertainment,  
 Pompeian Room, Osborne House

**TUESDAY MORNING**

OPENING OF SESSION 9:30

*"Partial Payments in the Public Utility Field"*

J. GORDON ROSS  
 Supt. Service Dept., Rochester Lighting Co.,  
 Rochester, N. Y.

*"Installment Selling as Applied to the Furniture  
 Business"*

WILLIAM GUMBLE  
 Credit Manager, Nichol Furniture Co., Utica, N. Y.

*"Deferred Payments in the Cloak and Suit Trade"*

WILLIAM GEIGLE  
 Manager, Michael J. Leo, Utica, N. Y.

*"Installment Selling from a Banker's Standpoint"*

PIERSON SALMON  
 Credit Manager, Second National Bank,  
 Elmira, N. Y.

*"Can Collections Be Made Painless?"*

WILLIAM C. ARCHBOLD  
 Manager Credits and Collections, Syracuse Lighting  
 Co., Syracuse, N. Y.

ADJOURN 12:00

*Luncheon*

**TUESDAY AFTERNOON**

RECONVENE 2:00

*"The Credit Man as a Business Builder"*

DAVID J. WOODLOCK  
 Secretary-Treasurer, Retail Credit Men's National  
 Association, St. Louis, Mo.

*"Work of the Small Claims Court"*

HON. HARRY ROSENBERG  
 Judge City Court, Rochester, N. Y.

*Increasing Membership and Stimulating Interest in  
 Meetings of Local Associations*

Open Forum Discussion led by M. F. KELLY,  
 Lynch & Kelly, Utica, N. Y.,  
 President, Retail Credit Men of Utica

*Unfinished Business and Resolutions  
 Group Conferences*

ADJOURN 4:30

Quizmasters—Justin H. Edgerton and  
 David J. Woodlock

**CREDIT ETHICS**

By CHAS. H. PARSON

Missoula County Credit Men's Assn.  
Missoula, Mont.

Several times credit men have attempted to outline a code of ethics applicable to collections and accounts. We have found in our experience that the average person in this particular line of work either adopts an attitude of "hard boiled, get the money" toward the debtor, or dislikes to approach those with whom he has business relations, especially so if he has any personal knowledge or friendship for those affected. The successful person in this field must realize that his business is a pleasure, not a hardship, and that his attitude is to make friends, not enemies. We consider collections successful when we have established friendly relations between merchant and debtor. Therefore, we have adopted as a slogan for this service: "Successful collections are those which secure payment of the account and re-establish the same friendly relations that existed when the account was opened." We are promptly asked, "Can this be done?" Yes, and every day our collection business develops for us new friends. We assure the debtor honest and reasonable treatment, we study his interests, and at the same time are loyal to our work, which we enjoy. Certainly we meet dishonest debtors who have no intention of paying their bills. Those lacking in honor and who cover all available assets. From such persons nothing is gained by anything except a friendly attitude. Frequently nothing can be accomplished, because credit should never have been extended; but friendly methods, whereas the opposite was expected, many times develop a way to secure payment. Legal methods are used only as a last resort, and then only when we have located assets subject to a court judgment.

"Honor is a harder master than the law. It cannot compromise for less than 100 cents on the dollar and its debts are never outlawed."

"He need not go over his road in the dark—if he can take with him the light of other men's experiences."

—John Wanamaker.

**A NEW DEPARTMENT****LEGAL INFORMATION  
DEPARTMENT**

This is a new department which we are establishing for the benefit of our entire membership. The questions and answers handled in this department will be commercial law questions, which are of interest to every credit grantor.

To make this department a success we must have the co-operation of every credit grantor, and he or she must take an active interest in asking and answering the questions in this department.

In addition to questions in regard to retail legal matters, we will publish the decisions of the courts of the country, pertaining to retail credit matters. As it is impossible for the National office to gather all these decisions, we request that each member forward us promptly any and all decisions by state or Supreme Courts, affecting credits and collections, which come to his attention.

If each member will co-operate whole-heartedly, we will make this a very interesting, educational and important department of our National Association.

**SAMPLE QUESTIONS**

Can a car on which there is bona fide mortgage of record be confiscated by Government if caught with liquor aboard?

Can a husband relieve himself of the responsibility of his wife's future purchases by giving written notice to creditors?

"Dun and Bradstreet statistics for 1925 show that during the year Retailers lost \$3,000,000 to bad credits, but \$2,400,000 of this sum represented losses by small merchants who are not members of the credit associations."

Many a worshipper at the shrine of Promised Long Profit wakes up to find himself a jaywalker in the graveyard of Unadvertised and Unknown Goods.

**CREDIT DIPLOMACY**

By A. R. NEWELL

Granat Bros., San Francisco

By real diplomacy I mean the attitude calculated to promote confidence and good-will.

When a customer complains he should not be classified as a Grouch.

When a customer's account has not been paid promptly he should not immediately be written down as a Crook.

Perhaps while complaining he is really trying to be friendly—perhaps his complaint is justified.

Perhaps he has not only been delinquent but has also been unable to acquaint you of it by circumstances over which he had no control.

As credit manager I would consider my most important responsibility that of creating good-will. I am placed in a position where my activities must either promote or destroy confidence and where there is plenty of opportunity to help build for the business, this priceless asset.

**Reed Talks to Longmont  
Merchants**

(Continued from page 13)

is constantly on the lookout for news and information respecting credit department methods, collections, etc., and which information is brought to you each month through THE CREDIT WORLD. No business man can afford to be without THE CREDIT WORLD, the official organ of our National Association. The cost is \$5 per annum, and it is worth every bit of \$25. I do not know how many of you gentlemen are members of the National organization, or how many read THE CREDIT WORLD, but I want to say if you are not members, you are overlooking a big bet, and I hope that the first thing you do tomorrow will be to have your Secretary enroll you as a National member, and hand him your check for \$5, which will bring to you 12 issues of THE CREDIT WORLD, and which will enroll you as a member of one of the greatest organizations in the United States.

Let's leave here tonight with a firm resolve from now on to be better merchants and better citizens. Let's greet our competitor with a smile. Let's co-operate with our Association—encourage the Secretary; by so doing you will make Longmont a better city to live in and a more prosperous community.

**"Put Your Trust in Providence"**  
August 9th to 12th  
See page 14

## Welding the Weakest Link

(Continued from page 5)

on credit he needs organization, he needs co-operation.

To the merchant who is afraid of his competitor, he needs organization more than all others, if for no other purpose than bringing him into personal contact with his fellow merchant and becoming acquainted—to let him see that his competitor is a human being, just as he is.

No one merchant can do all the business in a city. Each one will get his share, just in proportion to how hard he tries.

Competition does not destroy trade. To use the words of Dr. Frank Crane, "it builds trade." I want to read a few lines from Dr. Crane's essay on "My Competitor."

\* \* \*

If there is one merchant who is suffering from "petty jealousy," this essay will do him good.

You know that a city only partially organized, or one not organized at all, is simply a dumping ground for undesirables. In fact, it is an illuminated invitation for the undesirables to come and settle down, but never settle up.

Recently I was on a program with our managing director, and he chose as his subject, "Why are the American people like Ivory soap?" He answered his own question by saying "because they are 99 44-100% pure and honest." After his address he asked me what I thought of his talk. I said, "Fine, but you gave the wrong definition to your question. You should have said, 'because they float.'" They do float, and because they float it makes organization and co-operation so necessary.

I have connected my association, the Retail Credit Men's National Association, closely with your subject for the reason that ours is the only organization that is striving to weld the weakest link in credit granting, and it is only proper that I should tell you of this wonderful association, its magnitude and the great field it covers.

In this association, we have 800 credit reporting bureaus who render about nine million reports a year, who have fifty million individual credit records on file. We employ over 5,000 people in these 800 bureaus, not counting the Fords.

It is this association which is preaching intelligent credit granting.

We know, and want you to know, that when an account is intelligently opened, it is half collected.

When we say open an account intelligently, we mean you must know two things:

Is the applicant worthy of credit? To what extent is credit to be granted? We do not necessarily refer to his financial responsibility. *But is it a good moral risk?*

The moral hazard is a potential factor in granting credit and becomes a stern reality when the account becomes delinquent.

Let the man of big affairs suffer a financial loss, become delinquent, unable to meet his obligations, and arrive at the dividing road—one leading to relief through the court of bankruptcy and the other to a full realization of his moral obligations; which road will he choose? It is the same with the wage and salary earner. Let him, through loss of position, sickness or family troubles, reach this same dividing road. Which one will he choose?

It is at this time when the merchant is vitally interested. It is at this time when character will count. It is at this time when you will realize that you could have gained valuable information, had you practiced co-operation.

I want to digress from the subject long enough to state my views upon a subject that is sweeping the country, and on which there appears diversified opinions—installment selling.

Installment selling and buying is economically safe and sound when

two or three things are observed. Knowing the applicant's ability to pay, his willingness to pay, his record for paying, and the amount of his obligations at the time he applies for additional credit. Keeping in mind that the curse of the credit business is the overloading of an account.

I believe that the wage earner and the salary earner are entitled to all the comforts of a home. I believe that this home should contain good furniture, musical instruments, and electrical appliances for household work and the family properly clothed, all on the deferred payment plan, *but only within the ability of the wage earner to pay.*

I believe that the young man and the young woman should be given an opportunity to marry and set up their own home and furnish it from cellar to garret on the installment plan, all within their ability to pay.

I can not lose sight of the fact that good homes tend to a good citizenship. Good citizenship means good schools and good churches.

Where you find a city with good homes, good schools, and good churches, you will find a good city in which to live and do business.

Let me broadcast this thought. Organization promotes prompt payment of accounts.

Prompt payment of accounts reduces losses. When you reduce your losses you reduce the overhead. When you reduce the overhead you can sell your merchandise for less. When you sell your merchandise for less you make your store an attractive store in which to deal.

This can only be accomplished by welding the weakest link—by strengthening the weakest link—by organization—by co-operation.

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